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The Law of Fixtures
What Makes a Good Appraisal?
Social Characteristics of Cities
Valuing Business Subcenter Property
The Selection of Capitalization Rates
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Price vs. Value

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The JOURNAL *of the*

AMERICAN INSTITUTE OF REAL ESTATE APPRAISERS

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• With the Editors •

HIGHEST AND BEST USE

ONE of the most difficult problems which confronts the young appraiser who has had good training but who still lacks experience is to determine the highest and best use of the property which he is appraising. He may have mastered all of the techniques of property appraisal and may have a satisfactory knowledge of the theories underlying appraisal process. He may even have determined that the property in question might be best used for a certain type of business, but he is unable to convince himself that the value estimate is satisfactory because in practice he soon finds that highest and best use does not apply nearly as much as respecting a particular type of business as it does the typical capacities of the particular types of users in that business.

For example, we may have a business corner, and all may agree that the highest and best use is for drugstore purposes. However, this is only the beginning of the highest and best use problem. There are many kinds of drugstores. Is this a suitable location for a cut-rate drugstore, or should we go to the other extreme and estimate the income upon the basis of occupancy by the so-called "ethical" drugstore? Will this be a drugstore which is definitely designed to serve a particular neighborhood need, or is the neighborhood purchasing power more or less incidental and the primary trade that from transient customers who may be transferring from one carline to another or who may be brought to the district because of express advertising of retail stores there?

Another problem arises in highest and best use in the stabilization of statements of income and expense in such cases. There are wide margins of difference, not only between types of expenses, but also ratios of expenses which are often classified by the layman as being in a single category. We are not describing highest and best use then when we say that a certain piece of property should be occupied by a drugstore or hardware store or a certain type of specialty shop. We must go farther than that. We must think of the type of store from the standpoint of merchandising policy and appeal, volume of trade that it can command, method of selling and advertising, etc.

In order to determine these things properly the appraiser must have built up a considerable fund of experience in the field. He must have assembled a great deal of information in his files. He must have made the best possible use of his contacts. The old-time, rule-of-thumb appraisers discount the necessity of information of this type when determining highest and best use. "We did not go through all that monkey business," they say, "and we have appraised millions of dollars worth of property." Many of us can remember the old-time physician who discounted the use of the X-ray and said, "I don't need one of them newfangled affairs to tell me that a boy's arm is broken; I can feel it and I set it." A physician cannot afford to adjust broken bones today without the use of all the modern equipment that science can give him.

Neither can the appraiser approach the problem of highest and best use as his grandfather did. When a client orders an appraisal he has a right to expect that the man who is taking the responsibility for making that appraisal has a full and complete knowledge, not only of the methods and theories involved in the process, but also that he has proper operating bases in the form of statements, experiences, and statistical information in his files which will enable the formulation of a sound and sensible opinion as to highest and best use.

The day is past when we can base value upon the fact that a real estate man can sell or rent a certain building to a certain type of business establishment. Today, we must be able to give an opinion based upon the fact that through careful analysis we find that a piece of property not only can be sold or rented to a certain type of establishment, but, in our opinion, that a building has a certain value because the establishment which we assumed can occupy the property will be able to do business there as economically and profitably as any other type of business.

This is ***highest and best use.***

* * *

A MATTER OF PERSPECTIVE

TO ASSIST his client in visualizing the finished structure, the architect usually prepares a drawing in "perspective," that is, as the building would appear to the eye from some predetermined angle and distance. To further aid in interpretation, he "renders" the drawing by washing in the shadows as they might actually fall from the sun's light. These shadows in effect add the third dimension to the surface delineation and thus give depth and substance to the whole. The result is to depict the building almost as a reality whereby it can be better visualized by the client and changes made, if desired, before the actual construction is undertaken.

In principle, the making of a "perspective" of an important undertaking might well be applied in almost every field of human activity. Just now our economic structure is undergoing major changes, and the architects appear too busy to prepare such a careful study in advance. They are assuming that nothing more is essential than line drawings and a mathematical formula. The academic sun is in the ascendency, and its cold, two-dimensional rays are bathing the economic world in an artificial light. The pictures are but surface drawings and cast no shadows that the third dimension of *experience* would develop, and thus—if they are in fact to have substance—we are left without the means of measuring it.

The appraiser of today is rapidly falling in line. He is being accused of going "highbrow" and is in danger of discarding his "perspective." He is going in for theories and doctrines and forgetting the practical character of the materials with which he has to deal.

The essential and proper degree of mathematical accuracy must fit the field of endeavor. The builder of a gasoline engine will require a micrometer, one which will register error to the one ten-thousandth part of an inch. A timber cruiser has no such need—and yet he will quickly determine the "cut" in a given tract within the reasonable limits of accuracy.

And the appraiser is measuring his "trees" with a micrometer but is giving little thought to the way he is going to get the logs out of the woods. A slight slip-up in the estimated time and expense involved would offset all of the meticulous accuracy of quantity estimating. We find him compiling mighty tomes regarding the detailed treatment of "income streams" and the relative merits of Messrs. Hoskold and Inwood, while at the same time he picks his rate of capitalization out of a hat or from the license number of a passing truck.

Let's not overlook the "shadows" washed in by experience, and our appraisal structure will be sounder, more lasting, and more satisfactory.

* * *

THE UNPREDICTABLE FUTURE

THE international political future is fraught with uncertainty. History is in the making. A single day's events may mean war or peace, wipe a whole country off the map, change overnight the occupations of millions of men, detour world-wide trade and industry, and upset all values and distort their principal standard of measurement—money.

Today's tremendous uncertainty differs from yesterday's or last year's only in emphasis and degree. Always unpredictable is the future. Yet, as appraisers, we are told that "value lies in the future"—and so it does. We are also told that "value is the present worth of future benefits."

If that is true, considering the unpredictable future, how can any appraisal be worth very much? Some people do wonder about this, and that fact brings up one of our problems of public relations. In order to get the maximum benefit from the services of expert valuators, the appraisal-buying public must not have a false conception of what an appraisal is. The appraiser, as Glenn Frank has said of the Realtor, needs an interpreter.

An appraisal is not a prophecy. "Value" is a reflection of attitudes toward not actual events but expected events. No one should expect the appraiser to foresee the actual future or to state what any property will sell for in the market or produce next year.

Of what, then, does the "expertness" of the valuator consist? It consists of many things, but fundamentally his knowledge of real estate utilization. As to estimation of the future, the important thing is not what is actually going to happen, but rather what are the characteristics of the property being appraised—its type, its income, and its *relative* income pattern — as compared with the characteristics of other real estate and competing investments. The expert knows the relative advantages and disadvantages of the property. It is his knowledge of real estate that determines the value of his services. Knowledge is the principal ingredient of genius.

Appraisal education consists, therefore, not of memorizing formulas nor of following "procedural approaches"; it consists of a study of real estate utilization, its classifications, its characteristics, and its relationships. The more this is generally recognized, the greater will be the satisfaction that follows the appraiser's efforts.

* * *

THE MARBLE MAN

VISUALIZE, if you can, a marble statue of a man which has just come to life. It has just been endowed with the five senses common to all men. However, it lacks experience — the man has not before seen, smelled, felt, heard, nor tasted.

Place some asafetida under his nose; its odor is neither offensive nor pleasant. However, if this is followed by a rose, then the latter is pleasing whereas the former is repugnant—by comparison.

The innate sense of comparison, or sixth sense, is, in effect, made possible by the memories stored in the deep recesses of the human mind. It is, in a large measure, the condition requisite for judgment.

Judgment requires knowledge and actual experience. Judgment is a special operation of the mind and signifies the faculty of perceiving mentally. It is that portion of the reason which selects or rejects or aids in forming a conclusion. It is the judge which passes sentence upon the value of the thing appraised. The young apprentice in an appraiser's office may have completed numerous courses and be filled to overflowing with knowledge and yet be without judgment. On the other hand, the "horseback" appraiser with a lifetime of experience, but minus knowledge, may be similarly lacking. Judgment requires both knowledge and actual experience, which the marble man had not.

* * *

THE INSTITUTE'S APPRAISAL COURSES

IT is safe to say that there never was and never will be a race of men lacking in desires still to be satisfied although it may well be true that the dislike of effort is one of the reasons why some desires fail of fruition.

It is equally safe to say that there never was and never will be an appraiser who has learned all there is to be known about this inexact observational science, and it may well be true that the dislike of effort is one of the reasons why professionalism in appraising is still in an incipient state.

The smug self-satisfaction of all too many—both initiate and profane—who languish in innocuous desuetude, as Grover Cleveland would have said, is perhaps the most retardant of all forces holding back the professionalism of appraising. The inertia of ignorance is a power with which to be reckoned.

Fortunately, however, there are those who earnestly desire to keep abreast of the changing times. Such men are found in the homes, reading and studying alone, and in the various appraisal classes held in many places in the nation. Perhaps the most noteworthy of these, judging from the viewpoint of self-sacrifice, are those who spend two, four, or more weeks in the intensive Case-Study Courses offered by the Institute at The University of Chicago and Columbia University.

No less worthy are those who band themselves together one night each week to study collectively the Institute's Extension Course, Appraisal I, which had an enrolment of 104 in Cleveland and 62 in Chicago last spring.

In the selective process, increasing specialization means increasing advantage in the struggle for life. The lot of the novitiate is a hard one. His lack of ordered knowledge and his inability to coordinate his activities properly compel him to be inefficient. No man is sufficient for his own needs in any adequate measure. Fortunately for humanity, men depend upon one another for their welfare. The welfare of the members is the welfare of the Institute. Institutions were made to serve man and not he to serve them.

Since the initiation of the Institute's courses in self-development, there have been 597 persons who have availed themselves of the opportunity presented. This indeed is a hopeful sign. Perhaps this is the shadow which forecasts coming events. Who dares say otherwise? It is particularly significant that in the Lecture Course on Condemnation Appraising and Court Testimony this year there were eighteen M.A.I.s, representing 41 per cent of the entire class membership. Surely this is a hopeful sign.

The enrolments in the Institute's Courses at The University of Chicago and Columbia University for the last four summers are presented in the following by states and courses, showing students from thirty-four states in addition to the District of Columbia and Canada.

Territorial Distribution of Enrolments

(As of October 1, 1938)

State	1935		1936			1937		1938			Four-Year Total				
	University of Chicago		University of Chicago			Columbia University		University of Chicago			I	II	III	C.	Total
	I	II	I	II	III	I	II	I	II	C.					
Alabama						3	1	2	1		5	2			7
Arkansas					1								1		1
California	3	3	2	5	2	1	2		1	2	6	11	2	2	21
Canada	1	1		1		2	2	1	2		4	6			10
Colorado	1										1				1
Connecticut		1			2	9	5	2	4	7	11	10	2	7	30
Delaware								1			1				1
District of Columbia	1	1	1	1	1	2	3	1			5	5	1		11
Florida	1	2	1	2	3	5	5	2	1	1	9	10	3	1	23
Georgia							1	1			1	1			2
Illinois	36	47	7	6	8		1	9	20	11	52	74	8	11	145
Indiana	6	7			1	1	2			1	7	9	1	1	18
Iowa	2	2	2					1	1		5	3			8
Kansas	2	3		1						1	2	4		1	7
Kentucky			1	2				1			2	2			4
Louisiana						3		1	1	1	4	1		1	6
Maryland	1	1				1		1	2		3	3			6
Massachusetts				1		2	3	4	3		6	7			13
Michigan	3	8		1	2	1	1	5	2		9	12	2		23
Minnesota	1	2	1				1	1			3	3			6
Mississippi						1					1				1
Missouri	3	5		1	3		3		1	1	3	10	3	1	17
Nebraska	1	1	1	2		1	1				3	4			7
New Jersey	3	8	1	2	1	18	18	2		2	24	28	1	2	55
New York	1	7	2	2	2	26	36	2	6	6	31	51	2	6	90
North Carolina							1					1			1
North Dakota								1			1				1
Ohio	6	11	4	8	3	5	5		6	2	15	30	3	2	50
Oklahoma	1	3			1			4			5	3	1		9
Pennsylvania	1	1	5	5	8	15	15	8	3	7	29	24	8	7	68
Tennessee	1	1	1	3				2		1	4	4		1	9
Texas	2	2	3	1			1	1			6	4			10
Utah	1	1						1	1		2	2			4
Virginia			1	1	1			2	1	1	3	2	1	1	7
Washington		1						1	1		1	2			3
Wisconsin	2	2						3			5	2			7
TOTALS	80	121	33	45	39	96	107	60	57	44	269	330	39	44	682

I—Case-Study Course Real Estate Appraisal I
II—Case-Study Course Real Estate Appraisal II
III—Case-Study Course Real Estate Appraisal III
C.—Lecture Course in Condemnation Appraising and Court Testimony

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The Law of Fixtures

By WILLIAM WILSON

WE FIND much confusion in the law of fixtures, and I approach the subject with considerable trepidation. Judge Holmes, late Justice of the United States Supreme Court, was asked one day: "Judge, do you follow any rule in writing opinions?" He thought for a moment and replied: "Yes, there is one rule I follow when I am writing opinions. I say to myself: 'Now, remember, Holmes, you are not God.' " In telling you about these decisions, remember that I am neither God nor Father Divine. I cannot speak with authority, but only as the Scribes and Pharisees spoke.

Let me quote from a New York case which describes the condition of the law of fixtures as it prevails today:

"The cases are legion and each new case seems only the more to disturb any fixed or certain rule that seemed adducible from former cases, and, indeed, in most cases on this subject a court can easily give precedents that seem to uphold the principle it arrives at or is anxious to arrive at."

I might repeat here that to which I have referred on like occasions. Immanuel Kant presented to a friend his book entitled *Critique of Pure Reason.* Six months later he met his friend and asked: "Have you read the book?" "Yes," his friend replied, "I read the first half but I am afraid if I read the second half I shall go crazy."

To be serious, my remarks will be an intermixture of the abstract and the concrete. In the midst of this confusion of authorities and precedents we can perhaps glean a few grains of wheat out of the chaff. The concrete cases will enable you to know that for which to look in connection with the appraisal of property. In other words, each factual setup will be of value to you as you proceed in your appraisal work.

WHAT IS A FIXTURE?

For instance, we were reorganizing a commercial property in La Grange—not a very large property. It was occupied by a combination grocery store, meat market, and bakery. In order to solve the problem and determine what were fixtures and what were not fixtures, I secured the services of a very able architect, and he visited the premises and prepared and furnished me with a written outline of the exact condition and the character of the attachment to the building of each of the chattels which we claimed were fixtures. It consisted of

This article is adapted from a lecture on "The Law of Fixtures" which was delivered by me as a member of the faculty for the Lecture Course on Condemnation Appraising and Court Testimony offered at The University of Chicago by the American Institute of Real Estate Appraisers, August 22 to September 2, 1938. This lecture was not read, and my language, outside of quotations, was wholly extemporaneous. I have endeavored to retain the informality which characterizes an oral presentation. No attempt, therefore, has been made to improve the phraseology and style.—W. W.

a five-page report, and I had to go over very carefully all of the factual data in order to reach a conclusion.

If you are working on a case in which the fixtures problem is involved, of course, it is well to work in very close association with an attorney. It will require the combined judgment of both to reach a solution or a near solution of your problem.

Now, in conformity with our usual process, let me define that about which we are talking. Here again, right at the beginning, we meet with a conflict in the use of terms. Courts differ in defining a fixture. The majority rule is: A fixture is an article of personal property so annexed to the real estate as to become a part of it. Let us take the minority rule; it is just the opposite: A fixture is an article which although annexed to the realty is, nevertheless, removable at the option of the person who annexed it. The only state, I think, from which any of you gentlemen hail,[1] which supports that rule is Pennsylvania. I am casting no aspersions on the courts of Pennsylvania—far be it from me. However, I shall speak of fixtures in the sense in which the majority rule defines them.

What interest have you as appraisers or will you have in connection with what we call "fixtures"? In the first two phases which I shall name you will probably not have a direct interest. If the chattel annexed or personal property annexed to the real estate has become a fixture, then that fixture passes to the heirs instead of the executors. The heirs, of course, take the real estate. The executors, when a man dies, become vested with the personal property. If it is not a fixture, of course, it passes on to the executors.

A second class of cases in which these problems arise is that of grantor and grantee. A conveyance of real estate is made. If chattels have been so attached to the real estate as to become a part of it, they pass to the grantee.

Chattels which have not been so attached remain the property of the grantor.

The phase of this subject in which you are more specifically interested, of course, is in the case of condemnation. If it is a fixture, it passes to the condemnor who condemns the property. If it is personal property, it remains in the owner of the property and does not pass to the condemnor.

Now, you must be careful because you may find cases when the word "fixtures" is used in the lay sense rather than in the legal sense. For instance, people talk of gas fixtures, and you have heard them talk of electric light fixtures; you have heard them talk of trade fixtures. Trade fixtures, however, is a term which has a lay meaning as well as a legal meaning.

As already indicated, in the appraisal of real estate it is important that you know something about fixtures. Let us now take up the question as to when an issue of law is presented and when a mixed issue of law and fact is presented as to fixtures.

Generally speaking, a question of law arises when there is no dispute as to the facts and no dispute as to the inferences to be drawn from or in the interpretation of those facts. Where there is no dispute as to the facts and no dispute as to the inferences to be drawn from the facts or the interpretation of the facts, it is a sheer question of law, and that means that the court then determines the question without the intervention of a jury. There is no issue for the trier of fact to decide. It is determined as a legal question.

It may be a mixed question of law and fact. The court instructs the jury as to what the legal principles are, and the jury, in the light of those instructions, determines the issue of fact. A mixed question of law and fact arises when there is a dispute as to the facts, also, secondly, when there is no dispute as to the facts but there is a dispute as to the inferences to be drawn from the facts or a dispute as to their interpretation.

INTENTION

Intention is one of the primary considerations in determining whether a chattel

[1]Students were enrolled in the Lecture Course in Comdemnation Appraising and Court Testimony from the following states: California, Connecticut, Florida, Illinois, Indiana, Kansas, Louisiana, Missouri, New Jersey, New York, Ohio, Pennsylvania, Tennessee, and Virginia.

has become a fixture. What was the purpose? What idea was in mind when the chattel was affixed to the real estate? That intention, accompanied by a permanent and physical attachment, may be to make it a part of the real estate. But let us be careful. A man may attach a chattel to a piece of real estate. He may say: "It is my intention that this is to become a part of the real estate," or "It is my intention that it is not to become a part of the real estate." That is not the question. The declared intention, the uttered and spoken intention is not controlling, but that intention is controlling which arises out of all of the facts and circumstances surrounding the annexation of the article. That may account for the seeming confusion in the cases because you are dealing with a very impalpable and elusive thing when you are dealing with the question of intention. You can readily see that. For instance, the court may reach the conclusion that it was or was not a fixture, and yet the opinion may fail to set out or give sufficient emphasis to some of the circumstances upon which it based its conclusion. A thorough search is essential in determining the question of whether or not a particular chattel has become a fixture.

THE RELATION OF THE PARTIES

Another factor in determining whether a chattel has become a fixture is the relation to the subject matter and the situation of the party making the annexation. This factor may arise in case of landlord and tenant. For instance, the owner of the property may annex a chattel. The tenant may annex a chattel. A trespasser may annex a chattel. The relation of the parties, therefore, has a great deal to do with the determination of the question of whether or not a particular article has become a fixture.

PURPOSE AND CHARACTER OF ANNEXATION

Another factor in determining the question is the character and mode of annexation. Is it nailed on? Is it cemented? Is it mechanically adapted to its particular setting in the building? There may be an annexation that fits exactly into the type of building and use to which it is put. I shall consider this factor in greater detail later.

Still another factor is the purpose for which the annexation is made. To illustrate, I may put something into a building that is entirely personal with me; it may have nothing to do with the type of building or the use of the building proper. In short, neither the placing of the chattel nor the chattel itself may have anything to do with the particular purpose to which the building or structure is adapted.

To recur to the factor of intention—it may be controlling in one instance, and that is where there is a reasonable doubt as to whether or not the chattel has changed its status. If there is a reasonable doubt on other issues, then the intention may be the controlling factor.

But remember, these factors, as I name them, are merely part and parcel of the whole problem. It is only a combination of two or more or of all of the factors, to which I have alluded and shall later refer, that determines the question of whether or not a chattel has become a fixture.

THE INTENTION OF THE ANNEXOR

Whose intention is considered? That is the first question. The annexor's intention is the intention which must be considered. I shall deal later with the intention of two parties, but that involves not a question of intention—it involves the question of an agreement between the parties. At this point that statement may sound a little obscure, but I think it will be clarified in the course of this discussion.

Where the person making the annexation has an absolute estate in the land, in other words, where he is the unqualified owner of the land and is also the owner of the chattel, in the absence of any conflicting interest at the time of the annexation, his intention is an appropriate, if not the decisive, consideration in determining the character of the article—that is, whether it is a fixture or not.

The question may arise between one

claiming that the article passed on a subsequent conveyance of the land and one denying such a claim. For instance, there may arise a contest between the grantor and the grantee. The grantee claims it passed. The grantor claims it did not pass. But the applicability of the theory of intention is not so clear when one annexes a chattel to land belonging to another. For instance, take the case where a tenant attaches it. It is not so clear when one annexes his chattel to the land belonging to another, and there are cases to the effect that the intention of the annexor is in such cases immaterial.

There are holdings to the effect that if, as between himself and the owner of the land, the person making the erection thereon has no right to erect it on property, separate and distinct from the freehold, an intention so to do, no matter how clearly manifested, is of no avail. The article, nevertheless, becomes a fixture. There are decisions to the contrary, however.

There are cases referring to joint intention, in other words, the intention of the annexor and somebody else. Those decisions do not pass on the question of intention. They are based upon the existence of an agreement. The courts did not base their conclusions on the nature of the annexation or its adaptation to the property, but they based their conclusions in each instance upon a valid agreement between the parties in relation to each particular chattel.

Now, let me quote: "The question of the intention of the individual party making the annexation which is thus regarded as controlling is to be distinguished from that of joint intention as indicated by agreement between them—two or more parties—each of whom has at the time of the annexation an interest in either the land or in the article annexed.

"Almost invariably when an agreement as to the nature of the article annexed is given effect, it is on the theory that such an agreement is valid and effective as such, as between the parties thereto.

"It is the intention of the annexor which controls, and the intention of another person is in itself immaterial except as it may be incorporated in a contract which is valid and effective by reason of such other's interest in the land or in the article annexed."

And here is the conclusion: "When the courts refer, as they quite frequently do, not to the intention of the particular party making the annexation but to the intention of the parties, in addition to the annexor, as controlling in this regard, they have in mind, it appears, the joint intention of the parties in interest as evidenced by an agreement between them."

There is a triple test in determining whether or not an article has become a fixture: *first,* the one we have just mentioned, the intention of the annexor; *second,* the type of the annexation; and *third,* adaptation.

THE TYPE OF THE ANNEXATION

We have already covered the subject of intention as disclosed by all of the facts and circumstances surrounding the annexation. Now as to annexation. It does not mean that the annexation or attachment to the real estate must be perpetual. That is, it is not necessary that the chattel remain there forever or as long as the building lasts, but all that is meant is that there must be an annexation which shows that "the chattel is to remain in the building until it is worn out, or until it is removed because an article or chattel which is better adapted to the use may be substituted for the old article."

In most jurisdictions actual attachment to the real estate is necessary. Among those states following this majority rule are Connecticut, New York—there is some doubt about New York—New Jersey, Virginia, California, and Massachusetts.

Apparently, the state of Pennsylvania is among the minority states because in Pennsylvania it is held that annexation is not necessary, at least as regards machinery in a mill, factory, or other industrial plant, it being considered that the adaptation or necessity of the article and the use

to which the freehold is adapted is the only consideration in determining whether it is a part of the realty.

Considerable of the conflict in the cases has been due to a change in the mode of the constructing of buildings. For instance, we have Sears, Roebuck & Company which sells parts of a house, and all one has to do is to put the parts together. Many changes have been wrought in construction work. Here is a decision from the state of Washington, the *Philadelphia Milling Company* vs. *Miller*, 20 Washington 607. I think it is very helpful.

> "We cannot shut our eyes to the many changes that have been wrought by time in the fashion and character of household furnishings. Anciently, mantels were uniformly built as a part of the house, and therefore became a fixture to the realty. The house was built with reference to the mantel and the mantel with reference to the house. It was a part of the plans and specifications of the house and could not have been removed without materially affecting, not only the appearance, but the real usefulness, of the house.
>
> "But advancing mechanical science and taste have evolved an altogether differently constructed mantel, and mantels such as are described by the testimony in this case are now constructed without reference to any particular house or particular fireplace. They are what are called 'stock' mantels, and are sold separately and made adaptive to any kind of a house. They are, in fact, as much a separate article of merchandise as a bedstead or a table. So that, regarding the changing conditions in this respect, the rules of law must be changed and adapted to the changed character of the furniture."

Pardon my temerity to criticize that last statement, but I do not think the law is changed. I think it is a case where the facts and circumstances surrounding the annexation of an article are changed and not the principles of law applicable to the facts and circumstances. Again, I quote:

> "A few years ago, sideboards were constructed in and made a part of, the house, and were, of necessity, fixtures; while now they are ordinarily separate pieces of furniture and, by common consent, are moved from one house to another. The same advancement has been made in bathtubs. The old-fashioned bathtub that was sealed in and actually made a part of the bathroom has largely given place to the more convenient bathtub that rests upon legs and can be attached to any heating system that happens to prevail in the house where it is used. And so with heaters or boilers."

However, in my opinion, these comments serve, rather, to illustrate changing conditions and practices in construction, not a change in legal principles.

So again I come back to the proposition that it is necessary to dig into the facts and circumstances surrounding the character of annexation and the type of chattel with which you are dealing in your appraisal work—of course, under the guidance of "eminent counsel," who may be equally confused.

That reminds me of the time a very able trial lawyer, who loved his alcohol a little better than the law—and he was good even though he might be somewhat inebriated—appeared before an old red-bearded judge and argued with great earnestness. The judge bent over and said: "Now, Mr. Blank, you don't mean to tell me that you think that is the law." "Why, your Honor," said the lawyer, "you know I may not think it is the law and you may not think it is the law, but still it may be the law."

What is the character of annexation necessary? It is a subject of some difficulty. It is impossible to lay down any fixed and comprehensive rule. It is imprudent to attempt to speak *ex cathedra.*

Annexation does not necessarily mean attachment to the realty with some material, like nails, bolts, or cement. These, of course, are some of the most common methods of attachment. But it must be attached to the building in some way, or mechanically fitted to it, so as to become a part of the building. "Mere juxtaposition when intended to be more or less permanent is, in some instances, held to render the article a fixture."

Annexation alone may not be sufficient since other circumstances may negative the idea of its becoming a fixture. For instance, the intention of the annexor at the time may deserve consideration and a multitude of other facts and circumstances. In most cases the type and the character of annexation are merely factors. Intention

is a factor. Adaptation is a factor. And annexation is a factor.

The tendency of the later decisions is toward treating the type of annexation as a minor consideration except in instances where the particular chattel cannot be detached from the real estate without injury to the real estate itself. That is a very important element, the injury to the real estate caused by the removal of the article. That is a factor that has to be considered. If it cannot be removed without such injury, that fact tends to give the chattel the status of a fixture.

There is an interesting case with relation to attachment decided in New York (*Snedeker vs. Warring*, 12 N. Y. 170, 175, 179), where the very weight of the thing was held to show an intention on the part of the annexor to make it a part of the real estate. Mr. Justice Parker wrote a very scholarly opinion. The case involved a statue of Washington placed on a country estate in New York. It is interesting, and I think that it is also valuable to you from the standpoint of getting the trend of reasoning with which these cases are treated. The statue was not fastened to the base with either clamps or cement, but it rested as firmly there by its own weight, which was three or four tons, as if otherwise affixed to it. The base was of masonry. The seams were pointed with cement though the stones were not laid in either cement or mortar, and the mound was an artificial one raised some three or four feet above the surrounding land with a substantial stone foundation.

> "If the statue had been actually affixed to the base by cement or clamps or in any other manner, it would be conceded to be a fixture and to belong to the realty, but as it was it could have been removed without fracture to the base on which it rested. A building of wood weighing even less than the statue, but resting on a substantial foundation of masonry would have belonged to the realty. A thing may be as firmly affixed to the land by gravitation as by clamps or cement. Its character may depend upon the object of its erection. The intention of the person making the erection often exercises a controlling influence. That is intention. Its connection with the land is looked at frequently for the purpose of ascertaining whether the intention was that the thing in question should retain its original chattel character or whether it was designed to make it a permanent accession to the land.
>
> "I apprehend the question whether the pyramids of Egypt or Cleopatra's Needle was real or personal property does not depend on the result of an inquiry by the antiquarian whether they were originally made to adhere to the particular foundation with wafers or sealing wax or a handful of cement. It seems to me puerile to make the decision depend upon the use of such or of any other adhesive substance when the great weight of the erection is a large structure guaranteeing permanency."

The same line of reasoning is applied in the case of heavy ornamental vases.

There is an Illinois case regarding platform scales. They were held to be a part of the real estate. The scales were not physically attached by bolts, nails, or cement to the land. Nevertheless, they were so mechanically fitted that the platform hung within the walls supporting it and erected for that sole purpose, with supporting rods entering into the building through those walls and floor connected with a beam above.

Some of the states following the rule laid down in this last mentioned case are New York, Illinois, New Jersey, California, and Massachusetts.

I want to give you about seven or eight instances where a particular chattel has been held to become a part of the real estate. These were all held to be fixtures although not actually attached to the real estate: buildings resting on timbers; buildings resting on stone blocks but not otherwise attached; fences resting on the surface of the ground; millstone resting on a perpendicular shaft which turns it; a bell suspended from a frame; a stone sink in a residence; iceboxes furnished for an apartment house, one in each kitchen of each apartment, although not physically attached; and planks laid upon the upper floor of a ginhouse upon which cotton was stored, although not physically annexed. These cases serve to illustrate our problem.

There is another form of annexation or attachment that may be called "construc-

tive annexation." In the case of a machine which is actually annexed to the land, there is no question about its being a fixture. But here is an appliance or a tool that is adapted to and used in connection with the operation of that machine. The appliance or tool has been held to be a fixture. Here is a duplicate cylinder for a bluing machine. The bluing machine is annexed to the building. The duplicate cylinder is not attached, but it has been held to be a fixture because the machine in connection with which it is used has been attached to the real estate.

The same problem arises in relation to the rolling stock of a railroad company. The majority of courts hold rolling stock to be personal property. In some cases they hold it to be real estate. Here is an illustration of the reasoning of the court in connection with the rolling stock of railroads. I do not know whether you will run into rolling stock of railroads in the course of your appraisal work, but nevertheless I give you this because of the approach made by the court to the problem. It may be of help to you. I quote from the case of *Randall vs. Elwell*, 52 N. Y. 521:

> "The criterion above stated that actual annexation to the freehold, as a rule for determining when chattels become part of the realty, is as well settled in this state as any other rule of property. Exceptions founded on fanciful and groundless distinctions only tend to produce uncertainty and confusion in the rules of property which should be permanent and uniform.
>
> "Tested by the foregoing criterion it is manifest that rolling stock of a railroad must be regarded as chattels which have not lost their distinctive character as personalty by being affixed to and incorporated with the realty. It is true that engines and cars are adapted to move on the track of the railroad and are necessary to transact the business for which the railroad was designed, but unattached machinery in a factory, the implements of husbandry on a farm, and furniture in a hotel are similarly adapted for use in the factory, on the farm, or in the hotel, and are equally essential to the profitable prosecution of the business in which they are employed.
>
> "When regard is had to the fundamental and necessary condition under which the law permits chattels to become part of the realty, engines and cars, and the rolling stock of a railroad utterly fail to answer the requirement of the law. Cars which left Jersey City this morning, before the close of the succeeding week will be found scattered over the West or on the Pacific Coast, their places in transportation through this state being supplied by cars gathered from the railroads of other companies, many of which are located in other states."

Real estate has the situs of the state in which it is located. The law of the state where it is located governs. If rolling stock is a part of the real estate, then you would have real estate in Illinois one day, real estate in Pennsylvania the next day, and real estate in California the next. There are unsurmountable obstacles to holding that rolling stock is real estate.

In some cases an excavation is required to put the personal property in place. That is a factor tending to show it is a fixture and as such its chattel character is lost. For instance, here is the plan of a building, and this particular chattel appears therein; its position and its manner of attachment are specified in the plan. These circumstances tend strongly to show that it is a fixture.

INJURY BY REASON OF REMOVAL

The question of injury to the real estate by reason of its removal has already been mentioned. That is a very important element in determining whether it is a fixture. Of course, if such injury will be occasioned to the real estate because of its removal, that fact will weigh heavily in favor of its being held to be a fixture, although that fact is not conclusive. There may be resulting injury to the real estate by reason of its removal, but notwithstanding such circumstance it may still remain a chattel and not become a fixture.

We have next to consider injury to the chattel itself due to its removal. Substantial injury wrought on the chattel itself by virtue of removal is a very strong factor tending to show it is a fixture. For instance, where the removal of the article would result in its destruction in order to take it out, that fact evidences clearly that it is a fixture.

Another element is the type of the enclosure of the article. For instance, an

article is placed in a building and the doors are not wide enough to permit the removal of the article. That circumstance would tend to show that it is a fixture. That rule, however, is not universal in its scope because the status of the chattel cannot be determined by its size and weight only. A bedstead, wardrobe, sideboard, or bookcase is often large and heavy and incapable of being removed from a room of a house without being taken apart, but no one would contend that for that reason the article must be regarded as a fixture. Nevertheless, these factors are germane in determining whether or not the chattel is a fixture. And the fact that a larger opening must be made in a wall to permit its removal is an important consideration.

ADAPTATION

The next element is the chattel's adaptation to the use of the land. "If the article is of such a character as to lend to the realization of the purpose of the building, it is presumably intended by the annexor to be a permanent accession since it is essential that the article annexed be fitted or adapted to the use or purpose of the realty to which it is affixed."

Let us take the case of an ice plant. The necessary equipment was installed so that it became a functioning ice manufacturing plant. Undoubtedly it was the intention of the man who annexed the appliances that they were to remain a permanent part of the real estate. They are fixtures.

Let us take the case where machinery has been placed in a mill. Here is machinery used in a quarry. Here is a shower bath installed in a building used as a physical culture institute. These are fixtures. But it is not alone the adaptation of the chattel to the use of the particular building but also its adaptation to a particular place in the building. Allow me to give you some simple illustrations: window frames, storm windows, and window screens; theater chairs fitted for a particular purpose—chattels originally but they become part and parcel of the real estate because of the fact that they are adapted to the particular place.

Again, these articles, because they are adapted to the use of the particular building, have been held to be fixtures: a cistern on the inside of a house, gas logs adapted to the fireplace, chandeliers, gas fixtures, and machinery forming a unit for the prosecution of a common purpose. For illustration, a building is erected for a particular purpose or permanently devoted to a particular purpose. Anything annexed to the building to carry out that purpose may be considered as accessory to the real estate itself, while articles annexed merely for the purpose for which the building happens at the time to be used are not so regarded.

Next we have the case of industrial plants wherein machinery and motive power have been installed. There is a greater tendency to hold that motive power is part and parcel of the real estate than that machinery is.

One would say that buildings were undoubtedly fixtures, but there are instances in which buildings have been considered and held not to be fixtures. Buildings, for instance, of wrought construction, not firmly attached to the land, under various circumstances have been held to be personal property and not fixtures.

There is a provision in the California code that a chattel is deemed to be a fixture when it is permanently resting upon the land, as in the case of buildings, but this provision was held not to change the rule that evidence is necessary to determine what is permanently resting upon the land. A finding that a house built with walls resting on the ground was consequently declared consistent with a determination that it was personalty. You will also find the same situation arising with respect to outhouses, corncribs, etc. on farms, where the corncrib or the outhouse is not firmly attached to the real estate but probably placed there temporarily by tenants.

Now, let us consider the person making the annexation. For instance, here is a person who has no interest in the land whatsoever and he puts up a building by mistake. Ordinarily the courts have held

in that instance that the chattel becomes a part of the real estate. And they have also held that, where a husband put a building on his wife's real estate, it became part of that real estate and, therefore, her property. As to the purchaser, ordinarily where other factors are present, whatever he attaches becomes a fixture. However, if the vendor, the seller, defaults and cannot convey title, the rule is to the contrary.

You will probably encounter this problem quite often where the relation of landlord and tenant exists. In the case of landlord and tenant, considerable latitude and indulgence are accorded the tenant. Other things being equal, the courts are prone to hold that a chattel affixed by the tenant is personal property and not a fixture.

> "It may be questioned, however, whether this asserted tendency on the part of the Court to regard an article annexed by the tenant as retaining its personal character is not to a considerable extent merely a recognition of the tenant's right to remove articles annexed by him, it being frequently assumed that the recognition of such a right of removal in a particular case is equivalent to a decision that the article sought to be removed is a chattel and not a part of the real estate, which is not necessarily true."

In other words, there is a real indulgence accorded a tenant in allowing him to remove a chattel attached to the real estate, although under other circumstances, and as regards other legal relationships, it would be treated as a fixture, in other words, as attached to the real estate. The tenant's occupancy is merely temporary. He expects to stay there for a year or two, or perhaps three or four or five years. Of course, when you encounter a case involving a ninety-nine-year tenancy, where practically all of the interest in the property has been conveyed away and the reversion is practically nil, an entirely different situation is presented.

As regards the fixture problem as between landlord and tenant, I shall give you a few instances in which a particular chattel has been held to be a fixture, although attached by the tenant: wooden buildings fastened to logs by numerous iron bolts and so solidly constructed that they could not be removed without much expense, the foundations of which were set in the ground; a dwelling house erected by the tenant; a lean-to erected by a railroad foreman on the side of a section house in which he lived, even though it could be readily removed; an addition to a building, the removal of which would leave the building exposed and in need of repairs, the addition being removable only by being cut into sections and of little value elsewhere except for materials; steam engines and boilers firmly fastened to the premises; heavy machinery weighing six tons standing on a stone foundation in a cellar, extending into the second floor, firmly bolted to various parts of the house and not removable without serious damage to the building; platform scales set in the earth; bar and bar fixtures; and in-a-door beds resting on pedestals fastened to the floor.

TRADE FIXTURES

And what are trade fixtures? I shall give you a few illustrations: appliances used in the manufacture of ice cream; brick-making machinery; counters and shelves in stores—these are removables—flour-mill machinery; distillery machinery and appliances; elevator motors and connections in a building used for mercantile purposes; gasoline-lighting plant in a store; mining machinery and appliances; and printing press and attachments.

We also have holdings to the effect that domestic, ornamental fixtures placed in a building by a tenant are removable, such as chandeliers, cisterns and sinks, fireplaces, pipes for sewer, gas, or water, water pipes underground, stoves and grates, and ornamental chimney pieces.

This discussion has necessarily been somewhat fragmentary since I have attempted to cover a very broad subject in a rather brief presentation—a subject which involves a great many baffling and confusing court decisions. It is my hope nevertheless that I have been able to bring you a little information which you can put to practical use.

Price vs. Value

By ROBERT H. ARMSTRONG, M.A.I.

THE theory of value, together with the relation of price to value, constitutes what is probably the most important economic problem of our times. Booms and depressions are both deviations from that which is termed "normal," and we are wont to measure our economic well-being in terms of price and value.

In order to differentiate between price and value, it will be well to define precisely the meaning of each.

Value, economically, represents the ratio at which a certain amount of one kind of goods will exchange for a certain amount of another kind of goods. In earlier civilizations trade was accomplished by barter, i.e., the exchange of a unit of one commodity for a unit of another. However, as civilization progressed and money was adopted as the common media of exchange, there came into being what is now known as price. Therefore, *price* may be defined as the amount of money for which a certain amount of any particular goods can be exchanged.

THE ELEMENTS OF VALUE

Now there are many shades of meaning applied to value besides the definition given in the preceding paragraph, and the reason for this may be expressed in the words of the late Professor Hadley, who stated, "A price is a fact. A value is an estimate of what the price ought to be."

For instance, "value in use" may differ, and usually does differ, from "value in exchange." A lifesaving belt may be worth $3.00 in exchange, but its value in use (utility), when needed at a particular moment, may be infinite. Conversely, a diamond or rare edition of a book may have great value in exchange, but be of little value in use.

There are many examples of "value in use" and "value in exchange" in the field of real estate. A man may own a home and may have lived in a certain location for a number of years. He may find it advantageous to remain in his house in order to retain the association with his friends, to keep his children in the school in which they have begun their education, and to retain his accustomed mode of living. Therefore, he may say that his home has a value in use (to himself) of $20,000. However, the value in exchange of his property may be only $12,000.

It has been stated often that values in use and in exchange are irreconcilable; but the sum of a number of "values in use" can at times affect appreciably "values in exchange."

For instance, if a great many owners of homes in a high-type residential district decide to hold their properties at high prices, they will, theoretically, prevent sales from occurring. In practice, however, the withholding of a great number of these homes (the supply) will tend to create scarcity and so tend to increase what might normally be regarded as an exchange price. To some extent, this action on the part of the property owners tends toward creating a monopoly.

Most applicable to our real estate market, however, are the Ricardian and the Malthusian theories of value and their relation to each other. Ricardo, one of the greatest of economic thinkers, resolved value into his "Labor Cost Theory." He approached value from the supply side and stated in his book *On the Principles of Political Economy and Taxation*, "The value of a commodity . . . depends upon the relative quantity of labour which is necessary for its production . . ." In other words, the cost of an article or commodity established its value.

This school of thought is today represented in the field of appraising by those who say that the current market values (prices) are not true values and that the value of real estate lies in cost (less depreciation).

Ricardo predicated his case upon the following line of reasoning: Farmers, as a class, may produce wheat at a cost of fifty cents per bushel. This cost would include labor, materials, and a reasonable profit of perhaps five cents per bushel.

Now, if, due to great production, the supply of wheat greatly exceeds the demand, the price will fall—possibly to a point as low as thirty-five cents per bushel. This circumstance will result naturally in little wheat being produced for a year or two, for many farmers would rather not produce a crop if it means that a loss will be incurred.

Inasmuch as wheat has a fairly constant demand, the oversupply is soon—within a few years—used up. As the supply decreases, the price will rise to forty, fifty, sixty, and possibly seventy cents per bushel, at which time, in order to gain great profits, many farmers will again produce wheat until another oversupply results. This sequence of under- and overproduction will occur in cyclical sequence and is therefore an integral part of what we have come to know as the business cycle.

Now it can be seen readily that the price, or value, of wheat tends to hover around the productive cost, and, therefore, Ricardo's concept of supply and demand was that they were merely by-products of cost—for *in the long run* cost must represent value.

Thomas Malthus, on the other hand, evolved the "command" theory of value and approached value from the demand side. Every commodity, according to Malthus, held the power to command other commodities or goods in exchange, and that exchange was determined by supply and effective demand.[1]

By effective demand, Malthus meant that demand which had behind it not only desires, or wishes, or even the power to purchase, but what amounted to a need with the required purchasing power. He concerned himself *not with long-run forces*, as did Ricardo, *but with short-run forces*.

Perhaps the best elucidation of these conflicting theories was presented by Alfred Marshall, who, in 1890, wrote, ". . . we may say that, *as a general rule*, the shorter the period which we are considering, the greater must be the share of attention which is given to the influence of demand on value; and the longer the period, the more important will be the influence of cost of production on value."[2]

The real estate cycle—from peak to peak—or vice versa—has generally been estimated to be about seventeen or eighteen years. While admitting Ricardo's premise of value to be true, when the business cycle is relatively long, or in a case where a cycle is short and a commodity relatively perishable, such as apples or peaches, the approach to value must be made from the demand side. In these instances, current market prices are better indications of value and more useful values in appraising than are any values predicated upon the cost theory. This is especially true for real estate, for occasions are rare when a man's adult life is longer than two complete cycles.

RELATION OF COST TO SUPPLY AND DEMAND

Cost, in the short run, can seldom, in itself, influence demand. However, if the price secured for manufactured goods does not equal cost, production, as we have seen, will soon diminish or cease. However, modern technology often causes cost to decrease when production increases. Motor cars, and even buildings, can be produced on a large scale at a lower cost per unit than is the case when they are produced on a small scale. As the price per unit decreases, the effective demand increases proportionately. For instance, the demand for electric refrigerators is perhaps a

[1] "Real value in exchange . . . may be defined to be the power of an object to command in exchange the necessities and conveniences of life, including labor." Thomas Malthus, *Political Economy* (1st ed., 1820), p. 62.

[2] Alfred Marshall, *Principles of Economics* (3rd ed.), p. 428.

thousandfold greater at $100 per unit than at $500 per unit. Therefore, in the case of manufactured goods, an increase in supply often lowers cost and resultantly increases demand.

There is also pressure on cost and supply from the demand side, for producers, manufacturers, and builders all will endeavor to lessen their costs, and prices, in order to satisfy demand—if an effective demand can be produced when supply is increased and the cost and price diminished.

ELEMENTS OF PRICE

It has been stated that price is the amount of money for which a certain amount of any goods or products can be exchanged. Therefore, price and value would seem to be practically synonymous, but such is not the case.

If the price of everything—all articles of food, property, luxuries, et cetera—is doubled, values are not doubled, but rather remain constant. Stated differently—there can never be a general rise in values—no such rise can exist.

If a workman has his salary doubled, but must pay twice the amount he formerly paid for food, rent, taxes, and for everything else, his relative position is unchanged with respect to the rest of the world. Therefore, the measurement of value by price can never in itself be entirely satisfactory. Furthermore, the medium of measurement—the dollar (or it may be the franc, the pound, or the yen)—can never be an absolute standard of value inasmuch as money varies in value just as goods and commodities.

Therefore, value must remain a mental concept, and it is probable that we shall never be able to establish any absolute standard of value or price.

In every transaction in which price is involved, there are four elements which influence the amount of the price:

1. The value of goods to the seller.
2. The value of goods to the buyer.
3. The value of money to the buyer.
4. The value of money to the seller.

The variance of any of these elements causes a resultant change in price; also, they in themselves constitute the fundamentals of the law of supply and demand.

RELATION OF VALUE TO SUPPLY AND DEMAND

Supply and demand are the great regulators of value. If, for instance, there is a supply of 1,000 units of a certain article—or property—and a demand for only 800, then the value of the individual units will fall until the demand increases to the point where it will absorb the supply.

Also, the opposite is true; if the supply of a certain article is 1,000 units and the demand is 1,200, the value of each unit will rise to a point where there are only 1,000 buyers (1,000 effective demands) in the market. Value in this manner—and as expressed by price—so rises and falls.

THE EFFECT OF CREDIT ON PRICE AND VALUE

Credit is synonymous with borrowing and lending, and it is on the strength of the borrower's character and ability to pay that a loan—or credit—is granted.

A lender—or one who extends credit—must have confidence, of course, that he will be repaid. The better the character of the borrower, the safer, presumably, will be the line of credit extended.

Credit men often speak of the three C's of credit:

> "*Character* relates to the moral and ethical qualities of businessmen . . ."
>
> "*Capacity* is measured by the energy, technical knowledge, and executive skills of the borrowers which make for success and earning power in business and consequent ability to meet their obligations as they mature . . ."
>
> "*Capital* relates to the volume of net valuable assets possessed by the borrower, as indicated chiefly by the balance sheet of his business and by the status of his personal fortune, and together with his capacity, measures his ability to meet future obligations."[3]

Expression of the relative capacity to repay, on the part of lenders, takes the form of interest. If A's ability to pay and

[3]Richard T. Ely, *Outlines of Economics* (6th ed.), p. 259.

his character are better than B's, he may secure credit for 3 per cent, whereas B may have to pay 8 or 10 per cent.

At the present time most business is done by means of credit. The farmer secures credit to raise his crops—and merchants, all the way down from the manufacturer through the wholesaler, jobber, and retailer, extend credit to facilitate the purchasing of their goods and products.

Real estate concerns itself largely with credit. It has been said that over 75 per cent of the improved property in this country is mortgaged, and, of course, a mortgage is a promise to repay a certain amount of money on a certain date.

Credit, to some extent, is a substitute for money and represents "purchasing power," which supplements money in financial transactions. Bank checks, notes, drafts, and bills of exchange perform many of the functions of money, for these modes of credit, as well as mortgages, are expressed in terms of money.

Probably the most important role that credit plays on prices is that it increases purchasing power. If credit, in the form of mortgages, were not granted, there is no doubt but that the demand for real estate would be far less than it is today. Therefore, mortgage lending stimulates demand and, in so stimulating demand, causes prices to rise.

An example of immense purchasing power being produced by credit is given by Henry Fawcett in his *Manual of Political Economy*.[4]

In 1839, England and China had a dispute, and it was anticipated that the price of tea would rise due to the fact that tea shipments would be curtailed. One grocer, with assets of $6,000 all tied up in his business, but with less than $500 cash, proceeded to order chests of tea from every wholesale merchant, giving the customary security of $10 per chest.

As prices advanced and profits were made, this grocer continued to use his credit to purchase more tea. It so happened that just before the Chinese ports were closed several ships loaded with tea sailed for England. Upon their arrival some months later, tea prices fell, and the grocer could not meet his commitments. As a result, he was obliged to go into bankruptcy, and, upon being examined in the proceedings which followed, it was learned that this man had bought 4,000 chests of tea at a cost of $400,000, upon which the loss was $80,000.

This example represents, of course, not a legitimate use of credit, but rather an abuse of credit use. Nevertheless, it shows strikingly how credit may, and does, influence prices and purchasing power also.

CREDIT

To what extent modern credit policy affects real estate conditions may be gleaned when the fifteen-year period, from 1923 to 1938, is studied. Great quantities of mortgage funds were available from 1923 to 1930. In the next ensuing four years, credit—except from governmental sources—practically dried up.

Even at the present time there is a definite lack of credit and financing for large-scale ventures. Large buildings and developments were completed with the help of mortgage bonds and certificates, and the firms issuing these securities are almost nonexistent today, having been banned by law in a great many states. High construction costs and modern technology render the small building inefficient in many cases, and the trend is toward large-scale operations. Therefore, not only is new construction retarded, but refinancing present mortgages is prevented, all of which greatly influences both prices and the demand for real estate.

There can be no doubt but that the lack of credit—mortgage funds—can severely restrict the real estate market. Also, too great an amount of credit—excessive mortgage lending—can stimulate the demand to the extent where prices will pyramid, and a resultant collapse ensue.

Just what should represent the proper amount and the proper use of mortgage

[4]Book 3, Chapter 11 (7th ed.), p. 446.

credit may be a moot question, but, having examined some of the effects of credit, we may now proceed to an examination of mortgage credit at the present time and observe its effect on real estate prices and values.

MORTGAGE CREDIT AND VALUE

The willing buyer-willing seller theory of valuation has permeated most of the courts of the nation up to the present. Price—and price alone—without analysis of what makes price—has been the initial doctrine of court valuation of real estate.

Now, assuming for the moment that price is the only criterion of value (which the writer does not admit), the first thing to consider is: "What is a willing seller?" and "What is a willing buyer?"

The average broker or salesman, who has far more experience in the psychology of selling than has most of the judiciary, is quite convinced that the willing seller, at least, is the "rara avis."

Real estate is subject to specific consideration alone—it is not priced as are goods on the grocery or drug counter; it does not lend itself to standardization. Most transactions involve thousands of dollars—and few are the sellers who are 100 per cent willing. What are popular reasons for selling? A few may be mentioned:

1. Liquidation of estates.
2. Need of money for business.
3. Change of business to new location.
4. Increase or decrease in family.
5. Desire to move to better neighborhood.
6. Institutional liquidation.

Possibly there should be willing sellers, but the reason that there are few is probably due to those factors which have made the words "unearned increment" synonymous with property ownership in this country.

While the nation was growing in size and population, there naturally were large speculative profits to be made, but it is pretty generally agreed among economists that those times are past and that each succeeding decade will see real property assume the investment stability it enjoys throughout England.

If the psychology of buyers were to be examined, it doubtless would be found that most of them do not have what might be termed a "complete willingness"—that they, too, have idiosyncrasies which would explode the "willing buyer and willing seller" myth.

However, despite limitations in this and many other respects, the courts cling to price as the all-important element of value. This being the case, examples of market price should now be considered and the relation of various prices to value studied.

The following transactions are all assumed to take place on the same piece of property:

NET INCOME OF AN APARTMENT BUILDING
$7,000 PER ANNUM

Deal A:	Price cash	$100,000.00
	Net income on $100,000 invested	7%
Deal B:	Price	$105,000.00
	Cash paid	40,000.00
	Mortgage—5 years at 5%, no amortization	65,000.00
	Income on investment	3,750.00
	Income per cent on investment	9⅜%
Deal C:	Price	$110,000.00
	Cash	20,000.00
	Mortgage—5 years at 5%, amortization $1,000 per annum	90,000.00
	Income on investment	1,500.00
	Income per cent on investment	7½%
Deal D:	Price	$125,000.00
	Cash	12,500.00
	Mortgage—5 years at 4%, 5 years at 4½%, amortization $1,000 per annum	112,500.00
	Income on investment (average)	1,218.75
	Income per cent on investment	9¾%

The above cases of price are typical of the present-day realty market. Transactions similar to Deals A and B are readily understandable—Deal D is the extreme.

However, the latter type occurs more frequently at present than the "large proportion of cash" transactions. The reason

usually is that the sellers have acquired property at a high cost, generally through the foreclosure of an excessive mortgage, and they are trying to rebuild their capital account by selling for a small cash consideration and a very large mortgage bearing a comparatively low rate of interest. This type of deal also portrays the use of credit wherein the risk is not measured by the rate of interest charged.

Now, the effect of these various prices on value must be considered. It is a well-known fact that demand (the number of buyers) will increase as the price decreases, but it is also true that the demand will increase if the price remains constant, or even increases, while the initial payment and carrying charges of the indebtedness decrease.

With reference to the number of buyers, the number with $100,000 to invest—Deal A—may be ten; the number with $40,000—Deal B—thirty; the number with $20,000—Deal C—fifty; and the number with $12,500—Deal D—two hundred.

Therefore, by granting terms under Deals B, C, and D, the owner has enlarged successively the market in which he may offer his property for sale. Hence, the demand has been increased—and the purchasing power also—through the use of credit. But has the value of the property been increased? If the demand has increased, while the supply has remained constant, we must say that value assuredly has increased. However, if the $125,000 value represented by $12,500 cash and a $112,500 mortgage is tested by the definition of price, it is dubious if the value has really increased.

Price is value expressed in terms of money. The $12,500 is money, but the $112,500 mortgage is not—it is merely a piece of paper with the dollar sign stamped upon it, and the value (or worth) in terms of dollars of this mortgage may be as much as 20 or 25 per cent less than its face amount.

Therefore, prices of property must be analyzed and used with extreme caution if price is to be used as a gauge of value. In the opinion of the writer, it is unlikely that the extreme use of credit in real estate sales affects value in any way though the demand for real estate may apparently increase. Here it may be questioned: Is the increase in demand really for real estate under these circumstances or is it not rather for credit?

It would seem that the answer must be "yes" to the latter. If the cash value of credit extended is worth approximately its face value, credit can influence value; but when the cash value of the credit is far below the face amount called for, it most certainly can never influence value, even though it may seem to do so.

Attention is called to the fact that once again the time factor is of greatest importance. When credit is extended, *one half* of the transaction takes place—the other half in the future when the loan is repaid. This results in a contraction of prices and purchasing power when credit is diminished.

VALUE AND PRICE TRENDS

To understand properly the trend of value of real estate, it is necessary not only to analyze prices, but to compare also the price of real estate with the prices of all other goods and commodities.

The Department of Labor has developed the trend of the cost of goods purchased by wage earners and lower-salaried workers throughout the United States from the year 1913.[5] These figures show that with the years 1923-25 as a base of 100, the cost (or price) of goods and services to wage earners and salaried workers was as follows:

	June 15, 1933	*June 15, 1938*	*Net change*
All items	74.5	83.3	+8.8
Food	64.9	80.2	+15.3
Clothing	68.4	82.3	+13.9
Fuel and light	84.9	85.5	+0.6
Household furnishings	65.8	84.6	+18.8
Miscellaneous	96.4	98.7	+2.3
Rent	66.8	69.7	+2.9

[5] *Monthly Labor Review*, July, 1938; also release of the Department of Labor, dated August 21, 1938.

If it may be assumed for the moment that rentals are the controlling force in establishing real estate values, from the above table it appears that, while the price of realty may have increased by 2.9, the value actually declined when compared with other goods and services. In other words, the "command" value of real estate decreased from 1933 to 1938 the difference between the net change for all items and the net change of rents—a decrease of, roughly, 5.9 per cent.

PRICES AND MORTGAGE INDEBTEDNESS

Inasmuch as the majority of urban real estate is mortgaged, property owners do not notice a decline in values (as price increases) nearly as readily as they note a decline in prices. If A has an equity of $20,000 in a property and the mortgage is $100,000, the total worth of the property may be estimated at $120,000.

A 5 per cent increase in price would raise the value of this property to $126,000, or an increase in A's equity of 30 per cent. If general prices should increase 10 per cent while real estate rises 5 per cent, real estate actually would lose value, but, in A's case, he would have a net profit of 20 per cent—the difference between his equity increase of 30 per cent and the general price increase of 10 per cent. In this particular instance it is the holder of the mortgage who is the real loser.

THE APPRAISER'S TASK

Just as long as our economic system is dynamic in its character, so long shall we find it necessary to grapple with the problem of value and price.

According to Pareto, "Economics is a study of the balance between desires and the obstacles that stand in the way of their gratification." The appraiser's task is to measure the balance, and, even though the way may be difficult, he must express the value of that balance in monetary terms. Though value, in itself, must probably remain as a concept, it can, nonetheless, be of greater use to us than price, which has been defined as a fact.

Prices, as well as values, are dynamic in their character—not static. Our economic system is so complex, and so related, that the science of valuation of real estate must be prepared to weigh not only factors involved in the field of real estate itself, but factors pertaining to other lines of industry and finance as well.

Almost fifty years ago William Smart wrote, ". . . the word Value . . . is deeply rooted in popular conception and popular speech. Of all words used in economics it has the most need of exact definition, because in that science the theory of value is the basis of everything. Yet the history of political economy is strewn with the wrecks of theories of value."[6]

We are all tempted to depend upon the known, both from a quantitative and a qualitative standpoint, but we must be prepared to explore the unknown, even though this must be done through the method of trial and error.

We cannot judge the long run or the short run or the concept of value from the demand or the cost approach in the light of right and wrong. Rather, we must admit the soundness of the reasoning involved in developing various theories of value and be prepared to use those which are most applicable and most useful to us in our particular problems of any certain moment.

[6]William Smart, *Introduction to the Theory of Value* (London, 1891), p. B.

What Makes a Good Appraisal?

By FRANK D. HALL, M.A.I.

STRADIVARIUS violins command premiums because Antonio Stradivari made them. If we carefully examine a fine piece of finished cabinet work, we know at once that it was not made by a "jackleg" carpenter, but by an expert cabinetmaker. It is the skill of the maker that characterizes the product. So the plain, simple answer to the question, "What makes a good appraisal?" is, "A good appraiser." What, then, are some of the fundamental qualifications of a good appraiser?

For several years my position has required that I judge the work and qualifications of appraisers in many cities, and out of that experience I have formulated in my mind some fairly well-defined qualities of excellence to be desired in any acceptable appraiser. I shall mention four of them.

FIRST QUALIFICATION

He must be honest. If that sounds axiomatic and is taken for granted, let me state that in my work as an appraisal critic there has come to me the shocking revelation that there are, in the appraisal profession, degrees of honesty. Before you accept this requirement of honesty with complacency, let me illustrate what I mean by an *honest* appraiser.

A few years ago I was reviewing the home loans we had made in a certain city where, because of local conditions, we had decided as a matter of policy to keep our loans within 50 per cent of the values then prevailing. We employed an independent, professional appraiser of good reputation to make the appraisals. This man also appraised for other lending institutions, and one of these companies was lending up to 60 per cent of his valuation. The first loan inspected was one for $6,000 on a home appraised for $12,000. This valuation seemed high to me, and in response to my challenge the appraiser answered, without hesitation, that he had appraised the same property for our 60 per cent competitor at $10,000; knowing that it would loan 60 per cent thereof, he had to appraise it for us at $12,000 in order that we might offer the same loan. He erroneously thought he was being fair to us, as he expressed it, by subscribing to an opinion of value out of line with his honest convictions.

Independent appraisals of the same property, for clients having different interests, may vary within a reasonable zone of doubt and error existing in all appraisals, but when two appraisers, holding themselves out as experts in the profession, testify to values that vary as much as 50 per cent or more in a condemnation proceeding, I must share the opinion forced upon the judges that one or both of the appraisers are either dishonest in claiming the qualifications of an expert or dishonest in his appraisal. Yet this very thing has happened to such an extent that it is a challenge to the appraisal profession. I mean by this no wholesale indictment of the appraisers because I believe that the dishonest appraiser is the exception rather than the rule. In the realm of the expert witness there are members of the legal and medical professions under the grave suspicion that their expert opinions are sometimes influenced and biased by the interests of their clients.

The appraiser who subscribed to a $12,000 valuation for a property that he knew was worth only $10,000, in order that our company might have an equal chance at the business, and the expert witness who, out of a zeal to serve his client, testified to a valuation that could not be supported by an unbiased weighing of the supporting data would both resent any implication that they were dishonest. They pay their debts, respect the laws of the land, and have conscientious scruples against taking that which does not belong to them, but a good appraisal is not guaranteed by such

degrees of honesty. What I mean by an *honest* appraiser is one who refuses, for any consideration, to subscribe to an opinion of value that in any degree compromises his honest convictions. "He serves his client best who serves the truth" is an axiom as potent in the appraisal profession as in any other.

SECOND QUALIFICATION

But a good appraiser requires something more than honesty. He must be well informed, which means that before completing an appraisal he will have assembled all the available facts and data about the property, its surroundings, and those economic conditions which cause or limit its utility and scarcity. It means also that the appraiser must have gained, both through his own personal experience and the experience of others in the profession, a skilled technique that enables him to analyze and weigh the relative importance of the data assembled and to correlate the same.

Every good appraiser, consciously or unconsciously, arranges and analyzes his knowledge about a property into seven successive assumptions which collectively support his final opinion of value. If any assumption is based upon incorrect data, insufficient knowledge, or unskilled technique, the appraisal will, to that extent, be in error *unless*, as sometimes occurs, one erroneous assumption is compensated by another equally erroneous. The verity of each assumption depends upon this qualification of adequate knowledge. What are the seven successive assumptions in all good appraisals?

1. *The appraiser must assume early in his investigations that the property is or is not improved so as to best conform to its location and surroundings.* If not, what deductions from its physical value should be taken as the measure of nonconformity. A property that is too large, too expensive for the income level of the neighborhood, too freakish in design, or even too much out of line in its set-back from the street may be worth less than the physical value because of nonconformity in these respects.

2. *The appraiser must assume that a demand trend exists for property of its type in the location.* If the trend is either up or down, he must assume what amount of money should be added to or taken from the value of the property if the trend were stable. Every residential community is either in the early promotional, promising period, has arrived at the stage where the character is fixed and still desirable, or is on the decline. In cities of slow growth this transition is a slow process, but in those dynamic, rapidly growing communities the transition is correspondingly fast. Communities in the second group are the least stable and present the most difficult territory for the appraiser. The district least likely to change or shift is the 100 per cent shopping area in cities of slow growth. In the large metropolitan areas a marked decentralization that threatens downtown values is now in evidence. With very few exceptions the best residential neighborhoods of twenty years ago are now definitely on the decline. A study of trends, therefore, both in residential and business locations is of extreme importance in communities of increasing population. The tendency to look upon population growth as increasing all values in a community is erroneous. A mind conscious of these trends is an essential qualification of every appraiser.

3. *The appraiser must assume that a certain amount of money represents the cost of reproducing a duplicate property either by the purchase of a comparable site and the construction of a new improvement thereon, which is the cost assumption, or by the purchase in the market of a completed property offering a comparable service to the owner, which is the market price assumption.* The cost of reproducing a comparable property is not a measure of value, but, since it marks the top limit of value, the appraiser must have a knowledge of both construction costs and sales prices of other comparable properties. The test of a good appraiser when making costs or market computations is the ability to recog-

nize that no two properties are alike, and, therefore, in all comparisons the skill in recognizing and properly weighing the differences marks the good appraiser.

Most appraisers use the cubic- or square-foot method of cost computation. They have in mind one or more typical houses, the cost of which they have discovered, and then readjust the unit price according to the differences between the typical house and the one being appraised. Several weeks ago an appraisal was submitted to me covering a house of the Cape Cod Colonial type of architecture, which, as you know, is a design that utilizes, in finished rooms with dormer windows, a large part of what would be attic space in the English or typical Colonial type of house. This appraiser had discovered from actual and reliable cost figures that the house cost $.34 per cubic foot. Within ten days thereafter he submitted an appraisal on an English type, with a large amount of unfinished attic, which he included in his cube, and then made the mistake of using the same unit price in calculating his cost, resulting in an overvaluation. This illustrates the importance of recognizing differences, which is a too common weakness in the average appraiser.

4. *The appraiser must assume that a certain amount of money represents the annual income or value of other benefits arising out of ownership which it is reasonable to expect in view of what the property has done, is now doing, and is likely to do in the future.* In the case of income property, this requires that the appraiser have a knowledge of rents in the community, and there should be evidence in his report that he has made a survey sufficient to establish rental values. A knowledge of the actual, current rents is not sufficient as present leases may have been made in pre-depression times and be a burden on the tenant or they may have been made during the depth of the depression when we were in a tenant's market. The property may be mismanaged. Properties handled during the period of reorganization by political receivers are often mismanaged; the income during such a period does not reflect the future prospects because the appraiser should assume reasonably good management. It is necessary, therefore, that the appraiser form his own estimate of the income that can be reasonably expected (without projecting his forecasts too far into the future) rather than accept what the property has or is now producing. In the case of single-family homes there is some relation between gross rent and values, but that ratio is not constant; it changes with supply and demand conditions and at any one time varies with the price level.

A survey now being made by an appraisal group in the suburban areas of New York City, while not yet completed, indicates that homes, when located in keeping with their surroundings, actually sold during 1937 at an average of 100 times the monthly rent when the rent did not exceed about $40 per month, the ratio increasing to about 120 times the monthly rent on houses renting for $100 per month, and to about 150 times the monthly rent on houses renting for $200 or more per month. These ratios do not hold true in other communities but tend to prove that there is some relation in each community between gross rents and values. There is no indication that single-family homes can be appraised by the capitalization of net income because there are more benefits arising out of home ownership than the rent which the owner saves.

5. *Ownership of property is not all benefits. The appraiser must assume that a certain amount of money represents the annual burdens of ownership, such as operating expenses, taxes, etc. which are chargeable against the income or benefits.* If it is difficult for an appraiser to weigh correctly in dollars and cents the benefits arising out of ownership, it is even more difficult to measure the burdens as owners are more reluctant to disclose actual operating expenses, and too frequently appraisers overlook the compensation due to management. There are responsibilities to ownership, as well as benefits, even in the case of single-family homes. Any appraisal that attempts to measure value by capital-

ization of gross income, as is the practice in some communities, at once challenges my attention.

6. *The appraiser must assume that the property will have a certain economic life which determines the probable duration of the net income or benefits and, from such assumptions, compute a reserve that will replace the loss in capital investment when the useful life of the improvement is over.* I am not presuming here that any appraiser can forecast the exact economic life of an improvement, and it is not of great importance whether he guesses thirty-five or forty years. It is important, however, that the appraiser recognize that at some time the usefulness of the improvement will come to an end, and, unless some provision is made in the income forecast, he should forecast the depreciation that will deplete the capital investment. Whether the reserve for depreciation should be calculated on a straight-line or sinking-fund method or by the computation of annuities is a matter about which expert appraisers do not agree. However, a good appraisal will reveal that the appraiser has future depreciation in mind, and, whatever the process may be, the result will be an answer that does not challenge his good, sound, and practical judgment. It is more convincing, of course, if it has some relation to the probable life of the improvement.

7. *The appraiser must then assume that a certain rate of return is what a prudent, well-informed owner should expect on his investment in the property, considering opportunities offered by other investments and comparative risks.* This assumption arises only in the appraisal of income property; it has no direct application to the appraisal of single-family homes. We can all agree that the capitalization rate should be governed by the going rate of interest in the community plus the risk and hazard of the investment in the particular property, but we are not at all in agreement in our methods of estimating that rate. It seems to me that the rate of interest which an owner pays on a 50 per cent first mortgage loan plus an addition that approaches the difference in risk between the holder of a 50 per cent mortgage and the equity owner is a reasonable and logical return on the property when appraised as unencumbered. The going rate on 50 per cent mortgages is fairly certain and does not have to be estimated and is, therefore, a good base from which to start. The addition for equity risk depends upon several factors. The dependence upon expert management or special purpose occupancy would increase the rate. The risk is also greater if the income forecast is speculative and less if the forecast is conservative. The risk is one thing if the net income to be capitalized is after liberal allowance for replacement and depreciation and another thing if but little allowance has been made therefor. Thus, we find that, before deciding upon a proper rate of capitalization, we must measure the certainty of the income to be capitalized. Much of the difference in opinion among appraisers today regarding the capitalization rate is due to the fact that they are not capitalizing the same thing. They may agree upon gross rents and operating expenses, but, taking the same estimated income before depreciation, one will compute depreciation by a straight-line method for a conservative estimated life and use a 6 per cent rate of capitalization, and the other, using a sinking-fund or annuity method for a longer life and an 8 per cent rate, will obtain the same capitalized value. A difference between methods used by appraisers and the rate of capitalization often compensate each other, both leading to a reasonable, plausible answer.

In testing the reasonableness of the capitalization rate used by the appraiser, I find it necessary, therefore, to consider, along with the going rate on 50 per cent mortgages, how conservative the appraiser has been in his forecast of gross effective rents, what allowance has been made for losses and vacancies, what deduction he has made for maintenance and replacements, and whether or not he has made adequate reserve for depreciation. With due warning that all rules in appraising have their exception, I find the following

rule the most practical: After computing depreciation by a straight-line method and making a reasonable allowance in the operating expenses for maintenance and replacements, add about 1 per cent of the going rate of interest upon a conservative 50 per cent mortgage for that class of property requiring the least responsibility for management, such as retail stores in a well-established shopping center, and increase that rate, as the risk and responsibility for management increase, up to 2 per cent over the 50 per cent mortgage rate on such property as apartments.

Thus, in appraising a downtown store building in the 100 per cent shopping center, if mortgage money is available for conservative loans at 4½ per cent, the capitalization rate would be about 5½ per cent. At the same time, if the mortgage rate upon an apartment loan is 5 per cent, I should add about 2 per cent or capitalize the net return at about 7 per cent. Remember, however, that this is after straight-line depreciation. A smaller reserve for depreciation should increase the rate.

It will be seen from all the foregoing that an appraiser must have at his command a large amount of data before he can intelligently arrive at the seven assumptions above enumerated, but the knowledge of a good appraiser is not limited to data alone. He must have facts, it is true, but he must have an experienced technique in drawing the proper assumptions from the facts assembled. New and relatively inexperienced appraisers can usually be trained to assemble data, but, being uncertain as to the meaning of the data, the present inclination is for him to turn to tables or theory propounded and perhaps used successfully by more experienced appraisers.

An apprentice appraiser recently submitted a report and valuation on a property near Buffalo which was a masterpiece in its description of the property, the surveys as to income, operating expenses, etc. I could follow him completely in the conclusions he reached as to the facts about the property and its probable income. Beyond that there was nothing but confusion. His income analysis indicated a value of less than $10,000. But, according to some table he had found in *Boeckh's Manual of Appraisals*, he established a land value alone of almost $20,000. Another man, a successful appraiser, confused himself by recent study and reading to the extent that in an appraisal submitted a few months ago he set up six different methods of resolving his income forecast into values, varying as much as 50 per cent between the high and low estimate and, finally, in his confusion, sent the incompleted report to me and asked for instructions. In answer to his request, I had to state, "Too much learning hath made thee mad." Tables or formulae developed by someone else are of little value to the inexperienced appraiser and are not helpful even to the experienced appraiser if he uses them blindly. They are tools in the hands of an expert but dangerous to those who do not know how to use them.

THIRD QUALIFICATION

An honest, well-informed appraiser should make a good appraisal, but I feel an additional sense of security when I can believe that the appraiser possesses a third fundamental qualification—an open mind. This is a changing world, and it is not enough that an appraiser has at his command the historical data about which so many of our older appraisers pride themselves; an appraiser must know, not only the past, but he must be aware of current events and be able to predict what seems most likely to occur.

Value in any commodity arises out of its ability to satisfy human wants and desires, plus its scarcity. Wants and desires change. The scientist and the inventor in their efforts to satisfy present wants are creating new ones, and the luxuries of today are the necessities of tomorrow. Obsolescence creeps into a community unawares to those who are not mentally alert to changes.

In 1928 there was an appraiser in a certain city who was recognized as the outstanding authority on values. The largest lending institutions regarded his opinion

as the last word. For thirty-five years he had been a leading appraiser and had seen his city develop from a village of a few thousand population to a metropolis of 300,000. He knew the history of almost every property, and few there were who had the temerity to dispute his values. Certain changes were noticeable before the depression to some outsiders who could see the city in its larger perspective and who sensed a shift of growth in a different direction and to other competing cities. Their attempts to counsel and advise him were resented. He had been right so long that he thought he could not be wrong. His mind was closed to changes taking place all around him. Today he is walking the streets, a bankrupt; the institution of which he was the head is closed forever. He is discredited and a bewildered old man, unable to figure out, as yet, what has happened—*the tragedy of a closed mind!*

FOURTH QUALIFICATION

The fourth essential qualification is the willingness of an appraiser to disclose a sufficient amount of data, logically arranged, which leads the client, when reading the report, to an opinion of value confirmed at the end by the appraisal itself. This suggests the type of report that directs the attention of those who read it to the successive assumptions with sufficient data revealed to support each assumption. As one whose business it is to review appraisals, I like to be able to anticipate the conclusions, and, when the appraiser leads me to a logical answer, the appraisal then becomes convincing and one which I can endorse as a good appraisal.

WHAT IS A GOOD APPRAISAL?

Let us change the form of the question from "WHAT MAKES A GOOD APPRAISAL?" to "WHAT IS A GOOD APPRAISAL?" A good appraisal is the product of an honest, skilled, well-informed, and open-minded appraiser which is wrapped up in a report covering the pertinent facts with respect to the property, so arranged and in such logical form as to lead the person reading it, inescapably, to the same supporting assumptions and finally to the same conclusion of value.

If you believe that, because we had no appraisal literature until about ten years ago, all appraisal truth is a new discovery, or if you think that the standards I have outlined for a good appraisal are new standards, let me quote from the writings of a Roman philosopher of the second century. There lived in Rome from the year 121 A. D. until 180 A. D. a philosopher and a ruler, better known today for his philosophy than for his political achievements, who wrote the first instructions to appraisers of which I have any knowledge. Listen, then, to Marcus Aurelius Antoninus:

> "Never set a value on anything, through thought it shall advantage thee, if it will compel thee to betray thy trust, to desert thy self-respect, to cherish hatred or suspicion, to call down curses, to play the hypocrite, or to lust after aught that covets the privacy of wall and curtain.
>
> "To the foregoing canons let one more be added; always form a definition or rough sketch of whatever presents itself to the mind; strip it naked and look at its essential nature, contemplating the whole through its separate parts, and these parts in their entirety; and repeat mentally the proper name of the whole, and the several names of the parts of which that whole is compound, and into which it must later be dissolved. For there is nothing that tends so much to produce greatness of mind as a methodical and conscientious investigation of the objects that fall under our notice in life; . . . what are its component parts; what its natural duration, and what the virtue it challenges. If thou do the work set before thee, following in the steps of right reason zealously, strenuously, and cheerfully, distracted by no side issues, but preserving the divine part of thee erect and unsullied, as a loan that may have to be returned at a moment's notice—if thou adhere to this, awaiting nothing else and fearing nothing, but content with the natural activity which is thine now, and with the fair tide of truth in every speech and every word, then will thy days be happy; nor lives there any man that can impede this consummation."

Social Characteristics of Cities

By WILLIAM C. RESNICK

POPULATION may be defined as the total number of persons within a given society. Changes in population are the result of natural increase or migration. Increase in city population may be due to natural increase, immigration, and annexation. Decrease in population is due to deaths or emigration.

A dominant characteristic of modern living in the United States is the decided movement into urban areas. In 1790 a little more than 3 per cent of the population was found in cities of over 8,000. In forty years following 1880 the total increase in population was about 111 per cent, but the rural population increased only 45 per cent, while the urban increase was 269 per cent, with the result that in 1920 over 51 per cent of the population of the country lived in urban communities, as compared to 30 per cent in 1880. In 1930 nearly 48 per cent of the people lived in cities of over 10,000 population. This concentration of population in urban areas is also marked by an increase of density.

Between 1900 and 1930 the proportion of people living in cities over 500,000 increased from 10.7 per cent of the total to 17 per cent. The proportion in cities between 100,000 and 500,000 increased from 8.1 per cent to 12.6 per cent. Between 1890 and 1930 the proportion of population in cities of 500,000 to 1,000,000 increased from 1.3 per cent to 4.7 per cent. Those of 100,000 to 250,000 increased from 4.4 per cent to 6.1 per cent.

In 1800 there were 5 cities with a population of 10,000 or over in the United States. In 1900 there were 447 of such cities. In 1930 there were 93 cities of 100,000 population and over.[1]

A possible explanation of this movement is the economic explanation of basing the migration upon the desire and expectation of increasing profit and wealth to the individuals making up the movement. Other reasons may be the desire for superior educational advantages, cultural opportunities, social contacts, personal advancement, recreational facilities, secondary group relationships, and other amenities that may go with city life. Improvement in farm implements and practice has led to a heavy farm-to-city migration since 1920. Since the depression, however, we find a back-to-farm movement, which may be due to the lower standard of living upon the farm or perhaps the countereffects of urban living.

Large-scale production with its demand of large quantities of labor for industries has restricted population within certain areas. Not only does this population movement affect the city itself, but in a greater measure the surrounding territory of the city. We find that the suburban areas around the central cities are growing faster than the cities themselves.

The United States shows marked differences in the distribution of cities. Only twenty-eight of the ninety-three cities over 100,000 population are west of the Mississippi River. Sixteen of these are not more than two states away from the river. There are no cities of 100,000 and over in North Dakota, South Dakota, Montana, Wyoming, New Mexico, Arizona, Idaho, Arkansas, and Nevada. There is only one city of this size in Nebraska, Colorado, Utah, and Oregon.

Fifty of these cities are found in the area north of the Ohio River and of Pennsylvania and New Jersey, including these two states. Twenty-five of these are within the area bounded by Massachusetts and New Jersey near the coast, revealing the high congestion of these parts.

In the remainder of the United States, that is, the southeastern portion, there are but fifteen of the ninety-three cities. Florida has three; Georgia, one; Alabama, one; Tennessee, four; Kentucky, one; Virginia, two; Delaware, one; and Washington, D. C., Mississippi, South Carolina, North

[1] This article presents a study of these ninety-three cities.

Carolina, and West Virginia have none.

It is interesting to note that *The Encyclopaedia Britannica*, Ninth Edition (1892), shows only eight cities of 100,000 population or over in the territory west of the Mississippi. In the past thirty years we have seen a marked westward movement, especially along the Pacific Coast.

In the South there are no cities of a million, and only one city, Baltimore, is over 500,000 in population. The larger cities along the Pacific Coast have grown more rapidly than the smaller ones. In the Northeast the cities over a million are growing faster than the smaller cities, and the cities in this section of 250,000 to 1,000,000 are growing slower than the still smaller ones of the same section. The same holds true for the north central section.

NATIVITY

In 1930 one fourth of the population of cities of over one million was made up of foreign-born whites, and one fifth of the population in cities of over one half million; that is, the proportion was greater in the larger cities. Foreign-born persons are found mainly in locales of developed industry and are, therefore, concentrated in the New England and the Great Lakes regions. The smallest proportion of foreign-born people is found in the southern sections. Lack of industrial development and the negro problem may account for this. In recent years the native white population has been increasing, which is due, to a large part, to the immigration restrictions. However, the large cities of the country continue to have the highest proportion of foreign-born persons.

The native white of foreign-born parentage, likewise, concentrate in the large cities. In 1930, 45.6 per cent of the foreign-born individuals were in cities of 250,000 and over, while 36.6 per cent of the native white of foreign-born or mixed parentage were in such cities.

There is a steady increase of the negro population into the large cities. This is primarily a result of the economic conditions, due to the displacement of workers in the South through inventions and the anticipation by negroes of finding work in the North. However, the South still has the greatest proportion of negroes. Competition and class distinctions and urban living have been against the negro.

The other races considered in this article are the Chinese, Japanese, Filipino, and Mexican. They are heavily concentrated in the large cities of Texas and California. Over 85 per cent of the Chinese live in cities. Over 50 per cent of the Filipinos, over 50 per cent of the Japanese, and over 50 per cent of the Mexicans live in cities. Hence, outside of the Chinese group, the other races group themselves in cities similarly to the country as a whole.

It has been shown that large cities have a high proportion of foreign-born and other races. But, despite this fact, the greater proportion of the city's population is native white.

MARITAL CONDITIONS

The growth of cities and urbanization of population, the increase in secondary group relationships in cities, the development of industrialism, the rising standard of living in cities, and the growth of individualism are some of the social changes affecting family life in the cities.

Large cities seem to encourage single life, despite the fact that there are more persons of marriageable ages. In these cities there are more single males than single females, and as the city grows larger the number of single men increases. An explanation is the economic factor. Another is that other agencies have supplanted the household of many of its previous functions. Still another reason might be that more single male immigrants settle in the large cities. The age-sex composition of the city may also affect the marriage rate. The excess of single men may have its social consequences. The crime rate is usually considered higher among men in general, and higher among single men than married men. Death rates and insanity rates are considered higher among single men than among those married. Economic standards are said to be higher among the married than the unmarried men.

In spite of the excess of single men, of the growth in secondary group functions, of the increase in divorce rates, there is, for the country as a whole, a steady increase in the proportion of the population married. In 1890 it was 55.3 per cent, while in 1930 it was 69.5 per cent. This may be due to the increase in the proportion of the population in marriageable years or to the fact that persons are marrying at younger ages. From 1890 to 1930, for the country as a whole, the proportion of single persons declined from 41.7 per cent to 34.1 per cent for men and from 31.8 per cent to 26.4 per cent for women. Contraceptive information and the ease of obtaining divorces may have influenced the increase in marriages.

Urban living and modern industrialism have altered the life of the city woman. By offering her employment and by relieving her of many of the household tasks, her social and economic status has been affected. Perhaps this has affected the decrease in the number of children. The reduction in the size of the family may have some relationship to the increase in the divorce rate. Childless marriages are increasing.

Divorced persons are much commoner in cities and at an increasing rate. With the shrinking of the home, with the decrease in the number of children, with the great numbers of separated wives living alone in the city, with the divorce courts mainly situated in urban centers, and with the impersonality of the city, the city consequently presents a picture of greater divorce.

There are nearly three times as many divorces in marriages without children as with them. With the greater span of marriageable years, divorce is occurring earlier than formerly. Due to the reduction in the size of the family, the dwelling places are becoming smaller.

There are more divorced females in large cities. It is difficult to ascertain the number of divorced persons since many of them remarry; especially is this true of divorced men.

There are more widows than widowers in the large cities. This may be due to: (1) the fact that women outlive men and the death rate is generally higher for men than women; (2) the fact that about 10 per cent more widowers remarry than do widows.

AGE-SEX

An equilateral triangle is the norm for the United States as to age-sex distribution. In the large cities, with the highest proportion of the population in the middle age groups as compared to the country as a whole and with a greater number of adults than children, the pattern is somewhat isosceles in form. However, this pattern depends much upon the age and the industrial setup of the city. New cities, where men predominate, give us a different pattern. On the other hand, many of our large cities present a more normal pattern when their suburbs are included.

Large cities have fewer children and fewer old people than do other places. Hence the highest proportion of the city population is found in the middle-aged groups. The result of fewer children has its social consequences. Fewer children attend schools, although there is an increased proportion attending schools. With less of an economic burden in raising children, more money can be spent in other channels. There is greater mobility since the stabilizing effect in having a family is lacking.

The sex ratio varies among cities over 100,000. Specialized industries within certain cities will affect the ratio. Thus we find that such cities as Akron, Ohio, Gary, Indiana, and Detroit and Flint, Michigan, have a preponderance of male industries, and hence more males. On the other hand, such cities as Lowell and Fall River, Massachusetts, with their textile mills and the employment of women, have an excess of women. A disproportion of males may affect marriage rates. Sex ratio may be related also to morality since there is less crime, for example, where there are more women than men.

The number of negroes in the large city may affect both the marriage and divorce rates. It also affects the health and death

rates for it is generally held that where there are more negroes than whites there are earlier marriages, more desertions and divorces, and more widows and widowers.

SOCIOECONOMIC FACTORS

Modern industrial urbanism is a novel phenomena in man's history. It subjects him to a new set of experiences and circumstances, for which, in many cases, he is not duly prepared. The modern industrial city is a product of the factory system, which requires the concentration of the workers near the factory. This system, which is a part of modern urban life, has altered the variety of stimuli. The increase in experiences and the alteration of man's social environment have required adaptation and adjustment. Modern industrialism is responsible, at least in part, for nervous disorders, mental diseases, nervous breakdowns, etc. There has been a great conflict between the speed of the material culture and the lag of the immaterial culture. However, with the development of industrialism, manual labor is becoming appreciated and recognized. The "human element" in manual labor is being respected. Certain it is that industrialism has led to toleration, understanding, sympathy, and education.

COST OF LIVING

The cost of living is the sum total of the expenditure that the individual must make in a given period of time for the necessities of life and for those comforts, conveniences, and luxuries that his income permits and that his tastes and habits dictate. It is a relative term and is conditioned by such factors as time, place, and circumstances. The cost of living varies because of the money supply and may vary between cities because of the differences in location, differences in occupation, and differences in income. The personal element also affects the cost of living; there are differences in the way people live in different communities.

By a "standard of living" one refers to a "group" cost of living. A standard of living involves many variables, including habits, tastes, traditions, incomes, expenditures, etc. Hence, it is difficult to measure. Our Federal reporting is very weak in collecting economic data for our cities. This is especially important since our large industrial structures are confined to our large cities. It is acute since industrialism affects our modes of living, our group life, and our national life.

Some economic characteristics of the large cities may be pointed out. In general, incomes are more in the large cities. This is ascertained by dividing the wages by the wage earners. On the other hand, it costs more to live in these cities. The value of land is higher, the value of homes is higher, and rents are higher. It is difficult to form conclusions as to food costs, although indications are that they are slightly higher in the large cities. Here the factor of location enters.

EMPLOYMENT

As has been pointed out, economic conditions are generally considered as affecting the standard of living, which in turn affects the individual and the community. Occupation is both basal and vital since it involves income (wages) on the one hand and standard of living (living costs, etc.) on the other. Occupations in general affect community life and are often used as an index of the function of the community for they are highly correlated with health, family life, education, civic responsibility (taxes), etc. Communities differ according to the predominate occupations within them. Real earning is the relationship between the income and the cost of living.

In the ninety-three cities considered the occupational grouping can be ranked as follows: (1) manufacturing and machine industries, (2) trade, (3) transportation and clerical, then domestic services, professional services, public services, agriculture, mineral extractions, forestry, and fishing. There are variations according to the location and the size of the city.

From 1820 to 1930 manufacturing and transportation have made the greatest strides. Mining and professional services have also increased. Domestic and per-

sonal services have remained relatively stable, while agriculture has markedly declined.

Although manufacturing is the predominant industry in the large cities and engages greater numbers than other industries, as the city becomes larger the per cent engaged in manufacturing becomes less, and trade takes on a greater proportion. Wholesale trade is found more in the large cities. The Census records only those who live in the city in the data of gainfully occupied persons. Since large cities have a great source of commuters, who live in the suburbs and work in the city, probably at trade, it is difficult to draw adequate conclusions as to occupational groupings.

Clerical occupations, which include stenographers, bookkeepers, etc., are found in greater numbers in the large cities. A greater variety of employment and more opportunities of reemployment are to be found in the large cities, also greater mobility in employment. Through specialization and division of labor, through organization, management, supervision, and marketing, efficiency is increased. Along with the above, the city has greater mobility of population, greater structural intricacies, greater differences in standards of living, greater variety of groups, and more numerous ways of satisfying needs.

There are differences in occupations for men and women. Over 75 per cent of males are employed and 80 per cent in cities of over a million. Occupational ranking for females varies for the kind of city, but, in general, it is as follows: (1) domestic and personal service, (2) clerical, (3) professional services and manufacturing, (4) trade, and (5) transportation.

The average per cent of women gainfully employed for the ninety-three cities was found to be 28.6 per cent, the per cent being slightly higher in those cities of 250,000 to 500,000 population; that is, 30.2 per cent.

The number of married women employed is rapidly increasing. Between 1920 and 1930 this number increased 60 per cent.

The age distribution of males employed among the largest cities was found to be in order of numbers: (1) 25-29 years of age; (2) 35-39; (3) 30-34; (4) 20-24; (5) 40-44; (6) 45-59; (7) 50-54; (8) 55-59; (9) 60-64; (10) 18-19; (11) 65-69; (12) 10-17; (13) 70-74; (14) 75 and over. Exceptions are in San Francisco and Seattle where the age groups are higher.

For females the classification was found to be: (1) 20-24; (2) 25-29; (3) 30-39; (4) 40-44, 18-19; (5) 45-54, 10-17; (6) over 55. Exceptions are in San Francisco, Seattle, and Los Angeles, which cities tend to have higher age groups.

CHILD LABOR

Child labor is generally considered a social evil. To a great extent, machinery and industry have contributed to the amount of child labor. However, it exists in agricultural pursuits, nonmachine processes, trades, etc. Child labor is an evil because it stunts the physical and mental growth of the children who engage in it.

It is recognized that while a certain amount of child labor is unavoidable because of individual misfortune and economic conditions, it is not desirable from a social standpoint. The amount of child labor depends to a large extent upon the attitude toward it on the part of the community.

PER CENT OF CHILD LABOR IN THE UNITED STATES, 1880-1930

1880	1890	1900	1910	1920	1930
16.8	18.1	18.2	18.4	8.5	4.7

The marked decrease in 1930 was due in a great part to the general unemployment situation. The decrease in child labor has not been consistent in all occupations in which children engage. Nor has it been consistent throughout the country, since we find that in certain occupations, such as deliveryboys, newsboys, etc., they have increased in number. In the South there is a lag in the reduction of child labor as compared to the North.

Despite the fact that children who work at an early age earn money sooner than those who begin work after being graduated from high school, the United States

Bureau of Education points out that the average child who began work after grammar school earned $5,112.50 at the age of twenty-five, whereas those who graduated from high school earned $7,337.57 at the same age. This is undoubtedly one of the weaknesses of child labor. Thus we find that child labor is less advantageous economically. With little opportunity for education, children are forced to remain in the unskilled occupations.

Other weaknesses are that those who begin work at an earlier age are often physically "spent" at an earlier age; that children, being less efficient, often cause many industrial accidents; that children substitute and replace adult employment; and that they increase the labor supply and hence shrink adult wages. Child labor involves putting children to work for wages and thus depriving them of health, play, and education.

The outstanding cause for child labor is the economic one, which may be attributed to economic need of parents or employer, or to profit motives, or to the lack of understanding of parents and children of the harm and dangers of early employment. Our competitive industrial system has until recently looked upon labor as a commodity, consciously or unconsciously overlooking the "human" element. It is interesting to point out that in 1824 a society for the prevention of cruelty to animals was founded and out of this, fifty years later, grew a society for the prevention of cruelty to children. It has been only in recent years that industrialists have awakened to the fact that child labor is an economic liability and in the long run defeats its own purpose. Nevertheless, our economic system is still geared to the use of child labor in industry. Its elimination requires social adjustment. The N.R.A. program tried to abolish child labor. It is interesting to note that the child labor amendment of 1924 has had, to 1937, only twenty-six states ratify it. There is less child labor in the large cities. This may be due to the cheapness of school education, compulsory education, higher standards of living, smaller families, and also that the extent of the labor supply does not require child labor. Cities of the Middle West have the lowest amount of child labor.

HOME OWNERSHIP

Home ownership is considered a good index of mobility. It is related to other aspects in modern living and reflects the changes that have taken place in other institutions, such as the size of family, changing conditions in the home, population movements, density within the city, and economic factors.

Changes in the size of the family and in the functions of the household are reflected in the shrinking of the home dwelling. In Chicago, for example, between 1913 and 1919 the average size of new apartments was four and six tenths rooms. Between 1924 and 1928 it was three and one half.

The same trend holds true in all the large cities. With the increase in population in our cities, land values increase and land use becomes an important factor. Thus we find that the formerly isolated dwelling is being substituted by large-scale enterprises of multiple-family dwellings. With the increase in population and the increase in land value, "height" is resorted to in order to compensate what is lost in ground area.

Between 1921 and 1929 the fourteen cities over 500,000 population in the United States showed an increase in multiple-family dwellings. This type of dwelling is more numerous in large cities. Along with this fact, large cities show a proportionately greater number of restaurants, hotels, and other secondary institutions that were once part of the household.

The desire to own one's home is said to have a psychological value. The home owner has a stake in the community and an interest in civic betterment. On the other hand, home ownership is regarded by some as being undesirable since it reduces mobility and prevents economic readjustment.

In 1921 according to the Bureau of Labor Statistics 58.3 per cent of the family dwellings were one-family units. This per cent

decreased yearly until 1928 when it was 35.2 per cent. It rose again in 1929 to 40.2 per cent. The larger the city is the smaller the per cent of home owners.

It has been pointed out in a previous section that rents and value of homes are higher in the larger cities, probably because land values are higher there.

HEALTH

Health in modern society is associated with society's complexity and cannot be isolated from other factors within the society. For example, modern transportation facilities increase the danger of diffusion of communicable diseases. Modern industry creates accident problems. The speed of modern living creates physical and mental strain.

Internal complexities involve such problems as prevention and treatment of communicable diseases, medical work among school children, infant hygiene, conservation of child life, sanitation, food regulation and inspection, clinics, dispensaries, hospitals, etc. External relationships include social economic factors, such as standard of living, population mobility, density, education, illiteracy, child labor, recreation, etc. We have emphasized too frequently internal complexities and have overlooked too often external relationships.

BIRTHS

Births and migrations from without increase the population in a community. There has been a steady decline in the birth rate since 1880, when it was approximately forty-one per thousand as compared to twenty-one per thousand in 1930. Population increase since 1880, however, has been due to the fact that the death rate has decreased faster than the birth rate.

Urbanism has been a factor in the decreasing birth rate, which varies with the size and type of the community and its religious and group differences. In general, within the city, professional and business classes have smaller families than do the laboring classes. Likewise, those religious groups who have looked upon birth control with disfavor do, in general, have larger families. On the whole, families today are smaller than they were. Our smaller apartments, our modern living conditions, and our school attendance all reflect this falling birth rate.

Some of the causes in the decline of the birth rate are due to changes in the marriageable age group of women, contraception, diseases, and nervous, city-strain factors. The fact that the city is commercial and more restrictive helps keep the family smaller. Certain it is that the large cities are not built for children.

INFANT MORTALITY

Infant mortality has been on the decrease which may be due to better home care, decrease in the number of children per family, improvement in economic status, and improvement in medical care, hygiene, sanitation, and medical knowledge.

The span of life in general has increased from forty years of age, a century ago, to about fifty-eight years today. In the main, this has been due to the decrease in infant mortality since there has been little change affecting the middle and older age groups. We have checked our death rate from the bottom and not the top.

The average expectation of life has increased in cities. In 1900-1902 the expectation of life was 45.9 years; 1909-1911 it was 49.3; in 1919-1920 it was 53.3 for the fourteen largest cities; in 1930 it was 59.5.

Urban death rates are higher than rural. This may be due, possibly, to the recording in vital statistics, which registers deaths according to the place of occurrence and not of residence. Since our best hospitalization is located in cities it is evident that many patients come there from smaller and rural sections and thus inflate the urban death rate. On the other hand, since fewer city dwellers go to the country for medical care, the rural death rate is lower. The city, too, has a complete recording of deaths whereas the rural sections have not.

Cities show better control of germ diseases, especially those of typhoid. The death rate from malaria has remained almost stable in the country while it has practically disappeared in the city.

Cities spend more for the conservation of health. Cities over one million spend three times as much as do cities under 50,000. This does not necessarily mean that people in the larger cities have proportionally better health. It may mean that they have poorer health or that the complexities of the city necessitate greater expenditures to maintain health through preventatives and treatment. Contagion is more dangerous where there is greater density.

DEATH RATES

Death rates and migration to the outside decrease the population in certain locales.

Certain classes have higher death rates than others. The poorer classes and negroes have the highest proportion. This is due in part to economic conditions, medical care, sanitation, adaptation, etc. The negro death rate is higher in the cities, especially from tuberculosis, than in the rural sections. It is higher in the North than in the South.

Foreign-born people have a higher death rate than the native-born population. Women generally outlive men. This may be due to the division of labor, wherein women have not participated as yet in the "rougher" and more dangerous industries. It may also be due to a physical superiority.

Married men live longer than unmarried men. Perhaps this is due to a greater stability that goes with home life or, possibly, that bachelors "burn the candle at both ends." Married women have a higher death rate than do the single, but lower than the widowed or divorced. This may be due to the risks involved in the child-bearing ages, or, in the case of the widowed and divorced, perhaps it may be due to economic conditions, to emotional disorganization, or to the explanation offered for unmarried males.

In recent years causes of death, in general, have changed. There has been an increase in such diseases as cancer, heart, diabetes, syphilis, cerebral hemorrhage, general paralysis, and respiratory disorders. There has been a decrease in diarrhea, enteritis, tuberculosis, and influenza. Our greatest strides have been in the control of typhoid fever, diphtheria, and in most children's diseases: measles, whooping cough, and the like. There has been some progress in meningitis.

The Chamber of Commerce of the United States selected Detroit, Michigan; Oakland, California; Syracuse and Schenectady, New York; Brookline, Massachusetts; and Hibbing, Minnesota, as the healthiest cities in the United States in 1935. In their population groups these cities have the best water supplies, more protection for children against diphtheria and smallpox, better prenatal care for expectant mothers, and the finest milk supplies and use more effective measures in controlling tuberculosis and venereal diseases than are used in any other cities of the country.

EDUCATION

Schools are considered a vital index in appraising a community. Schools help create the personnel of the community. Schools help transmit the accumulated culture and reflect social, economic, philosophic, scientific, and religious thought. The public schools are "Americanization" agencies.

The school has taken over many of the functions that were formerly significant of the family and the church. In a sense it is extra-familial. In its present form it is one of our newer institutions. It is one of the most expensive of the social services.

Free public school education is a modern idea. It is based upon the philosophy that only as the abilities of all men are more fully developed can society be more justly organized. Education is indispensable in a democracy. Education becomes necessary with greater complexities of living. The schools are taking over many of the functions that were once part of the home. Industry requires education for consumption and reduction. In the city, with its increasing complexities, with its industrial centralization and specialization, with the increasing importance of secondary institutions, with its greater mobility, with its

greater cultural development, and with the creation of interests in many and varied fields, education and knowledge become a prerequisite for adaptation.

The educational system consists of, not only public schools, but also vocational, evening, parochial, private, special education, etc. The following sections deal with the public schools in relation to urbanism.

Cities are the innovators in adapting educational techniques and methods to the needs of the machine age. Scientific curricula, special schools, and educational specialists in schools have been carried on by cities as a public function.

SCHOOL ATTENDANCE

There is a definite correlation between age-sex and school attendance. In large cities where males predominate there is a greater male school attendance, although the tendency is toward a greater equalization among the sexes. In those cities where there is a shift to an older age level, for example, San Francisco and Los Angeles, there is a corresponding shift in age-sex in the school attendance. Thus we find a tendency for those over twenty-one years of age to be attending school in greater numbers than those under seven years of age.

The large city has fewer children to attend school although more of them attend. Fewer children entered first grade during 1930-1935 than during 1920-1925. This fact will affect later and higher education.

School attendance has been steadily increasing both in the elementary and secondary schools. There has been an 800 per cent increase in secondary school attendance since 1900, while the general population increased only 62 per cent for the same period. This trend is very noticeable in secondary schools of the city since most of these schools are located in or near large cities. There has been a marked increase in adult education in the cities, where evening schools, specialized schools, professional schools, vocational schools, citizenship classes, art schools, colleges, etc. are centralized. Cities offer a more diversified educational setup than rural districts.

SCHOOL COSTS

The larger cities are spending more to educate their pupils. There are some, however, spending less than average, including such cities as Milwaukee, Denver, Chicago, Detroit, Cleveland, Seattle, and Minneapolis. Location is not the determining factor although we find many of the southern cities ranking very low, including such cities as Atlanta, Georgia; New Orleans, Louisiana; Miami, Florida; Birmingham, Alabama; Jacksonville, Florida; and El Paso, Texas. Although the larger cities are spending more per pupil, it should be noted that there are more pupils per teacher in the larger cities. This may indicate that, although more money is spent, the educational value to the pupil is not so great because the teacher is under a greater strain with more pupils. Individual treatment is generally overlooked, and general efficiency may be low.

TEACHERS' SALARIES

From 1930 to 1934 the average salary cut was $203 per year or about 14 per cent. The average annual salary before this period was $1,450. For all cities over 100,000 population the median reductions were 9.25 per cent for elementary school teachers, 11.05 per cent for junior high school teachers, and 10.8 per cent for high school teachers.

In considering teachers' salaries, other factors must be accounted for, including cost of living, the length of the school year, hours of work, extra-curricular activities, and requirements. Salaries are good indications of the value which a community places upon the services of the teacher.

FOREIGN-BORN PEOPLE UNABLE TO SPEAK ENGLISH

The foreign-born individuals who are unable to speak English show a lack of assimilation. By not knowing the language, adaptations to various social institutions

are more difficult. By congregating in groups who speak their own language they form isolated, heterogeneous units and hinder the nationalizing process. These people are handicapped oftentimes by not learning the dominant language and not assimilating the dominant culture. The result may be poverty, a lack of civic interest or understanding, and ostracism. The large cities with their great number of immigrants show a high percentage of foreign-born people who are unable to speak English.

ILLITERACY

Those persons ten years of age and over who are not able to read or write in English or any other language are considered illiterate. In 1930 4.3 per cent of the population in the United States were so termed. The urban illiteracy rate for the United States is markedly lower than the rural rate. The rate varies according to regions and races. The highest illiteracy rate for native whites is found in the southern states and the highest for groups among the negroes, American Indians, and the foreign-born population. The older age groups have the highest illiteracy rates, which may indicate the educational weaknesses of the past. However, for the country as a whole, the trend in illiteracy is gradually declining.

LIBRARIES

Libraries reflect the intellectual habits of a community. Circulation of books is a good indication of this. However, here too, the variables are so numerous that it is difficult to generalize since there is fiction and nonfiction and different types and usage of these. Also, few people may be using a great number of books. Data on this subject are as yet very scant.

FIRE

With greater density, not only of population but of buildings, fire hazards and fire protection become very important. Fire departments, like police departments, are socialized agencies.

POLICE

Police represent a governmental functional group. Such a department represents the direct tool in carrying out the operations of the will of the government at a particular time. In a society where crime is prevalent, where antisocial behavior is evident, and where order is compulsory, police are "necessary evils." They are evils because they are expensive; they suggest force; and they affect the individual by interfering with his freedom. In this sense they are social implements for the group rather than the individual. On the other hand, they protect property rights.

There is a steady increase for police protection in the large cities, where the safety of life and property is more difficult to insure.

PARKS

Parks are an attempt to bring nature into man's artificial habitat, the city. They are often called the "lungs" of the city because they afford open space for recreation, relaxation, fresher air, and more sunlight. Parks are of various types. Among them are small intown parks, parkways along boulevards, large parks generally found along the periphery of the city, forest preserves usually located on the outskirts of the city, and areas for special purposes, such as playfields.

In attempting to classify the number of parks in certain cities, one must be aware that within the city certain sections have more park space than other sections. This is especially true in the wealthier parts of the city, wherein parks increase the value of the district. Land values and use become more important in cities of great densities, hence parks are expensive enterprises. Since most of our parks are located in the better districts, when we talk about "the city beautiful," we are really describing the higher-class and the wealthy residential districts.

The social gain resulting from more park space has not been fully estimated. Play space and parks are certainly more necessary in the large cities and will be-

come even more so as leisure time increases. The importance of parks is being slowly realized. There has been a marked increase in park expenditures since 1920.

CHURCH MEMBERSHIP

Data covering church membership, church property, finances, and personnel are available for cities of 25,000 population and over for the years 1890, 1906, 1916, and 1926. Data for later years are incomplete, and it becomes necessary to go to private sources for information. Churches reflect changing social conditions. The emphasis, in modern living, in secondary group organizations is evident within the church itself. Churches are taking over and expanding the educational, recreational, and social activities.

It seems that the larger cities have not a proportional increase in church membership and in many cases a lesser number than in the smaller cities. This may be due to the fact that migrants do not change their church affiliations, the anonymity in living in larger cities, or that rapidly increasing cities have not as yet settled themselves to the religious life since the dominant note in the growth of a city today is economic. It may be due also to the fact that there are fewer children in cities to increase church membership. Types of population affect church membership. Certain districts within cities show greater religious affiliations.

There are regional differences in church membership. The northeast section of the United States has the greatest number of church memberships. This is probably due to the overabundance of Roman Catholics in this part. The Pacific coast has the lowest number of church members (Seattle being an exception).

CONCLUSION

It has been stated that our political boundaries do not adequately define cities, that the growth of cities responds to forces not solely political in nature. This growth must be directed in order to meet the problems and difficulties that are inseparable in mass living. The large city still suffers in different forms from congestion of buildings and traffic, bad housing, and other problems that arise as a result of the "lag" in adjusting to changing conditions. The city is marked by a lack of space for movement, for light, for air, and recreation. Divided municipal action between constituent communities within metropolitan regions creates financial difficulties, waste, and inefficiency.

Cities suffer from a lack of adequate planning. With accelerated change, problems become more acute, and adequate means to prepare for them become necessary. With the development and use of new means of transportation: the aëroplane, electrical trains, subways, trailers, etc.; with the development and use of new means of communication: television, radio, etc.; and with the development and use of yet undiscovered inventions, of which there are about 50,000 yearly, an adequate bureau of social forecasting should be set up and recognized to balance our social institutions and inventions.

All in all, the practical significance of the study of cities means the eventual direction and control of forces that have hitherto operated blindly.

This article has aimed to review some of the significant social characteristics found in our larger cities. It is not to be presumed that either the number of characteristics or the individual sections included are exhaustive of the material to be found in the field of study relative to this subject.

Valuing Business Subcenter Property

By R. C. ERSKINE, M.A.I.

IN THE valuation of business subcenter property, real estate appraisers are looking into the most recent and most hopeful form of land use in the United States. They should attack the problem with a sound knowledge of the advantages and disadvantages encountered in business subcenters and with mature judgment as to the weight to be given each of these factors in arriving at the value of such property.

Within the past few years I have covered many miles, cruising around the country, investigating and photographing subcenter developments. In nearly every instance it was noted that the work of the subcenter development had been that of individuals rather than the result of organized planning.

Many cities have zoning ordinances limiting businesses and other types of enterprises to fixed areas. Some very large subdivisions have carefully planned business developments controlled by their plat restrictions.

Occasionally we find a city which has been planned in its entirety at inception, as Gary, Indiana, by the United States Steel Corporation, and Longview, Washington, by the Long Bell Lumber Company. Washington, D. C., was planned de novo by Major Pierre C. L'Enfant. This work was very well done, and in 1901, when an eminent commission was appointed for the beautification of the city, its most important recommendation was for a return to important features of L'Enfant's original plan.

In many more cases plans have been worked out for the improvement of existing cities: for instance, Sir Christopher Wren's plan for rebuilding London after the great fire of 1666, which was not adopted but exerted an influence; the plans followed for the construction of the civic centers of Cleveland, Los Angeles, and San Francisco; and the revampment of the most important character of the plans of Paris under Haussmann. In 1911 a plan for Seattle was prepared by Virgil G. Bogue, assisted by a strong committee of local men; while it failed to carry at an election, many of the proposed arterials and other features have since been woven into the city structure.

With all respect for planning and organized effort, one need not be disturbed by the fact that most business subcenters have come about without much organized planning. Needs have been met as they developed, usually by the work of individuals who thought they saw an opportunity for profit and took the chance. Most successful cities and successful enterprises of all kinds have had the same history.

WHAT ARE THE QUALIFICATIONS OF A GOOD BUSINESS SUBCENTER LOCATION?

The sales manager of one of the largest real estate offices in the Northwest named the following conditions for a good business subcenter location: a strong supporting area; cross traffic to slow down traffic on the main arterial; and good parking facilities. He also stated that it is the tendency of people to buy as near home as conveniently possible and that people like to buy in stores which are patronized by those with whom they enjoy mingling.

A man who has operated property of this type for many years and who now owns or controls approximately 200 units of outlying store property stated that the tendency is toward concentrating in the better subcenters rather than spreading out along the highway. Parking areas should be arranged at the side or rear by indenting the curb or in some other way which does not force the store fronts back from the front property line. It was his opinion that service to people remaining in their cars was not of great importance inasmuch as women, who are the shoppers for the family, generally like to see what they are buying.

The district manager of one of the largest food chains on the Pacific Coast said that he was greatly interested in the surrounding population, in the ease with which these people had access to the store, and in traffic, both pedestrian and automobile. He added that parking facilities are important, but in some of the best locations space cannot be provided immediately adjoining. In his opinion, there is no rule as to whether or not people buy near home; they buy where they see what they want.

The owner of about twenty Seattle units, some in exceptionally good locations and one group in a location which has been completely passed up by the construction of an overhead bridge, stated that food stores are less dependent on the presence of other stores than those of any other class, but the general rule is that the business units in a good business subcenter strongly support each other. People are more interested in making one stop and doing their buying at that stop than they are in whether that stop is made near home or farther away. The physical surroundings are important. The location should not be on a side hill. Lakes, cemeteries, and parks subtract contributing area. The subcenter should be surrounded by residences of sufficiently prosperous people to furnish support. It should be on a street of not excessive but more than ordinary traffic volume. It is important that the street be wide enough and that the layout be such that traffic can be handled without congestion. The outgoing side is preferable to the incoming side of the street. A subcenter should be a reasonable distance from competing subcenters and a considerable distance from the downtown area.

The head of an important chain of hardware stores in Seattle emphasized the low income of the majority of families.[1] He stated that the 16⅔ cents carfare involved in a round trip downtown is an important expense factor in many families and is an influence toward buying in subcenters within easy walking distance of the home. With the many who drive automobiles, the question of parking is important, and downtown street parking is almost impossible. Community spirit is strong, and orders frequently come in to the downtown store with instructions to give credit to the community chain store for the sale. In addition, deliveries can be made from the different units, frequently saving much time for contractors and others. Charge accounts, once procured, are good at all units.

A family-owned food chain with more than a dozen units in Seattle contributed the following on the question. The son who has been handling the matter of locations for several years stated that he looks for one with considerable pedestrian traffic, but wants the people passing to be those who are there to buy food or who are potential food buyers. He does not want an artificial boundary to the district, as a lake or hill, nor does he want to be on a heavily traveled arterial where traffic is so fast that he can get business only from people living or traveling on one side of the street. He wants his store to be surrounded by competition because each competitor draws business in which all may share. He considers whether a district is fairly complete so that people come to it to supply all their wants. He prefers a district of single-family dwellings to one of apartment houses; while he gets a higher price on small sales, he makes more money on the large ones, and the apartment house dwellers buy in very small quantities. He wants to be in a level location; people will not walk uphill. He does not believe that the drive-in idea is successful, at least in this section of the country.

THE IDEAL BUSINESS SUBCENTER LOCATION

An ideal business subcenter location is a corner situated on the outgoing side of a radial arterial where it is intersected by a main cross street; located at the center of a compact business district reasonably remote from other business districts; and surrounded by a large, level area occupied by the homes of people of good buying

[1] "Consumer Use of Selected Goods and Services, by Income Classes," *Market Research Series No. 5.11* (Department of Commerce, Bureau of Foreign and Domestic Commerce, September, 1937), p. 117. Of 9,996 Seattle families selected as evenly as possible from the different sections of the city, 67.3 per cent had incomes of less than $1,500.

power. The main arterial on which it faces should be wide enough to carry the traffic comfortably. It should have public transportation systems and neighboring highways so situated, including the situation of transfer points, as to contribute to customers' ease of access. The city to which this location is tributary should have many varied industries and services to keep business and employment as stable as possible and to attract from its hinterland and assure growth. At this subcenter it should be possible to make any of the everyday purchases and to secure any of the everyday services in attractive buildings, in most cases of one story, arranged in such a way as to be comfortable for customers, proprietors, and employees and to protect and display merchandise offered for sale to the greatest advantage. There should be no nuisance occupancies nor surroundings.

Adequate neighborhood parking lots should be provided, and curb parking should be strictly limited and supervised.

The owners of property in this subcenter should be progressive men, prepared to tear down and rebuild when that course is indicated. The occupants, who in many cases are owners as well, should be merchants and professional men well qualified in every way to render the services which they undertake. The subcenter and its surrounding territory should be in the line of the city's growth, and the average age of all structures in the area should be such that serious obsolescence will be long delayed. These good points may never all be found in one location, naturally, but the more of them a location has, the better.

THE CHANGE IN THE NEIGHBORHOOD STORE

The three factors which have brought about the change in the neighborhood store, from a place where small emergency purchases were made, with a man in his shirt sleeves scooping merchandise out of a row of bins, to the kind of subcenter units here described, are: the universal use of the automobile; the universal sale of goods in original packages; and chain stores.

Automobiles tend to scatter population and to make it possible for people to buy wherever they desire. Parking difficulties are the drawback in this connection, however, especially in the downtown area.

Package goods give you the same article, delivered clean, and usually at the same price wherever purchased.

Chain stores introduced efficient merchandising methods and brought about their universal adoption. Even where political attacks on chain stores may prove successful, their improved methods will go on.

THE APPRAISER'S JOB

A reasonable conception of the function of an appraiser is that he learn and report actual value. Unless an appraiser knows what makes a given type of property good or bad, how can he report how good or bad it is? It is a fundamental in the valuing of business subcenter properties that they be treated as a coming thing rather than a declining one. Some appraisers penalize property in subcenters by capitalizing at a much higher rate than they use for the downtown areas. This appears to be illogical. The downtown areas are being harmed by the decentralizing process, which process is creating the subcenters. In addition, it is the tendency of taxing authorities to impose unduly heavy taxes on downtown properties because of their location in important units.

In valuing a business subcenter property, the appraiser should assemble all possible data in relation to the particular property, its neighborhood, and competing subcenters. Also, every effort should be made to learn of any possible change in street arrangements and transportation and to weigh accurately the probable effect should such change occur.

In his final analysis, the appraiser should not limit himself to one method, but should consider the problem from all three approaches: (1) the present worth of anticipated net income; (2) depreciated reproduction cost; and (3) comparative income and sales.

The Selection of Capitalization Rates

By JOHN C. TREDWELL, M.A.I.

THE selection of the proper rates for the capitalization of net income and surplus income and the selection of the proper rates for the discounting of reversions and the compounding of sinking funds are of vital importance to the valuation problem.

There is still too great a tendency on the part of many appraisers to put the cart before the horse by selecting a capitalization rate which will produce the result desired and then justify the rate selected by some such statement as, "In my opinion this is the rate required to attract capital to an investment of this type."

The influence of the capitalization rate on the valuation is shown in the following table:

NET INCOME	CAP. VALUE AT 7%	CAP. VALUE AT 8%	% DECREASED VALUE	% INCREASED VALUE
$ 500	$ 7,143	$ 6,250	12.5	14.3
$1000	$14,286	$12,500	12.5	14.3

A decrease in the capitalization rate of 1 per cent means an increase in the value of about 14.3 per cent.

An increase in the capitalization rate of 1 per cent means a decrease in the value of about 12.5 per cent.

If we consider that competent appraisers normally should reach opinions within 10 per cent of one another, then a difference of 1 per cent in their selection of capitalization rates alone would produce a difference greater than 10 per cent.

INTEREST

Interest is rent paid for the use of money or payment for the use of capital or capital goods.

The rate charged for its use will vary due to a number of factors but primarily due to the risk involved in its use.

It is limited in this discussion to the return on wealth accumulated by the industry of man as distinguished from the bounty of nature.

THE LENDER'S OR INVESTOR'S VIEWPOINT

The lender or investor will always compare the rate of return offered by real estate with the rate of return of other investments of similar risk.

The supplier of capital to any enterprise expects and is entitled to two things:

1. Adequate payment for the use of his capital in the form of interest.
2. The return of his capital—sometime—somehow.

He, therefore, is principally concerned with the risk involved in its use—the risk of a loss in interest and the risk of a loss of all or part of his capital.

There is an additional factor involved in real estate investments which must be considered, that is, "lack of liquidity." If unforeseen circumstances demand cash, in all probability his investment in real estate cannot be liquidated quickly enough.

THE APPRAISER'S PROBLEM

The problem of the appraiser, therefore, is to put himself in the place of the investor, to consider all the factors involved, and to determine the capitalization rate to be used by a logical process of reasoning.

The opinion of the appraiser must be constantly checked against the market by comparison with similar investments at similar risk.

Capital tends to seek a level of return

commensurate with the risks involved in its investment.

SELECTING AND JUSTIFYING CAPITALIZATION RATES

The majority of the authorities on the subject agree that the only method by which a final capitalization rate can be selected and justified is to divide the rate into several components and to build up the final rate by giving due consideration to each component.

There are, however, differences of opinion as to what the components should be and the weight to be given to each, and the following is a discussion of five different capitalization rate concepts.

SCHMUTZ'S[1] CAPITALIZATION RATE CONCEPT

The rate is divided into three components—which are rated separately—the total being the final rate.

The components are:

1. The safe interest rate or pure interest.
2. The rate for risk.
3. The rate for management.

The safe interest rate or pure interest: This rate may be defined as that interest rate obtainable from an investment with the highest degree of liquidity and representing the ultimate in safety both as to regularity of interest payments and the repayment of principal at maturity.

Long-term bonds which are a direct obligation of the United States Government most nearly meet these conditions. The Federal Government has first claim on the nation's resources. Its bonds, therefore, represent the safest type of investment.

The rate for risk: The rate for risk is that portion of the rate which is added to the safe interest rate to compensate for the element of hazard involved in the use of the principal. When one lends capital, he charges something extra for risk and calls it interest. If the obligation is met, he gets a higher return as a compensation for the danger of getting a lesser return or nothing. The extra charge is a premium for the risk accepted—an increment in excess of the safe interest rate—and is warranted because of the hazard that there may be a loss in either interest or principal.

Examples of this extra premium for risk and its necessity are ever before us, such as higher rates for specialty buildings, second mortgages, etc., etc.

The following is quoted from an advertisement in *The New York Times*, dated November 17, 1936:

MORTGAGE MONEY
Now Available at
Lowest Rates in 20 years

For example:

3%	Where loan is less than 40% of sound appraisal and provided that high-grade stock collateral is deposited.
3½%	Where loan is less than 40% of sound appraisal and interest is earned approximately five times.
4%	Where loan ranges from 45% to 55% of sound appraisal.
4½%	Where loan ranges from 55% to 60% of sound appraisal.
5%	Where loan is over 60% of sound appraisal.

The rate for management: The rate for management is that portion of the rate added to compensate for the cost of the work involved in managing the investment.

In the case of a lending institution, expense must be incurred in investing its funds and collecting the payments (rent, clerk hire, etc.).

The rate for management should vary inversely with the volume of funds loaned.

TRUE'S[2] CAPITALIZATION RATE CONCEPT

The rate is divided into four components—which are rated separately—the total being the final rate.

The components are:

1. *Pure interest:* This rate is identical with Schmutz's safe interest component.
2. *Insurance factor:* This is an addition to the rate to compensate for the risk involved in the hazard of the capital in the type of speculation contemplated. This component is confined to a general opinion of the risk class, but includes the rate for capital management, as opposed to operating management, which is a separate component in Schmutz's concept.
3. *Penalty for nonliquidity:* This addition to the rate under conditions of relative stability will be fairly constant and will reflect the difference between investments of the highest liquidity and those of relatively low liquidity.

[1]George L. Schmutz, M.A.I., Los Angeles, California.

[2]Wallace W. True, M.A.I., New York City.

4. *Adjustment factor:* Recognition is here given to the necessities of adjusting the rate to the market or to the requirements of some particular situation surrounding the individual property under appraisement. It covers such items as: the ability and integrity of management, the probability of continuity of operation, or freedom from obsolescence or lack of utilty. The factor is not influenced by the going money rate but by the apparent future stability of the property. It is ordinarily a penalty factor, adding to the rate, but, under certain conditions, may become a plus factor deductible from the sum of the first three factors to produce a lower rate.

   An example of a situation which might warrant a plus adjustment factor would be an underimproved plot of land in a stabilized business district, which, because of a temporary business condition or perhaps inordinately high building and/or financing costs, cannot at the moment be more profitably improved. The net income from such a property would be insufficient to justify the proper comparative land value unless a low rate of capitalization were used, reflecting the appraiser's opinion of a future higher utilization within a reasonable time.

TREDWELL'S[3] CAPITALIZATION RATE CONCEPT

This concept is similar to that of Schmutz's and True's, except that the components making up the rate are differently grouped and, in the belief of the author, somewhat simpler to handle.

1. *The base rate:* This factor combines the following elements, all of which are relatively stable.

   A. *The safe rate or pure interest factor of Schmutz's and True's:* However, no attempt is made to follow market fluctuations, and the basis is the last yearly average of the yields of long-term governments, high-grade municipals, and Moody's Aaa bonds. This average method attempts to reduce the effect of artificial markets produced by government pegging of bond prices and the somewhat artificial markets created by the so-called "legals." For 1936, this average figure was 2.8 per cent, while for 1937 it was 2.98 per cent.

   B. *The cost of management:* Experience of lending institutions indicates that a fixed charge of from 1½ per cent to 1 per cent will properly cover their cost of supervision. An individual is entitled to this if he manages his own funds.

   C. *Nonliquidity:* Real estate is admittedly nonliquid and should therefore yield a higher return—a fair average penalty charge being 1 per cent.

2. *The risk rate:* This factor is the appraiser's judgment of the risk involved in comparison with other investments—the risk of loss in interest or loss of principal, the risk of changing utility or management of the property, the risk of changing neighborhood, transportation, or economic conditions, and the risk involved in the type of property and in the ratio of land value to building value.

3. *The market adjustment rate:* This factor is similar to True's adjustment factor except that elements involving risk are not included. The opportunity is here given to adjust the final rate to the actual market as indicated by comparative sales or other bona fide evidence. It is necessary to realize that this factor may, under certain conditions, be a plus factor acting to reduce the final capitalization rate.

HALL'S[4] CAPITALIZATION RATE CONCEPT

This concept was conceived primarily for use in valuing properties for mortgage-lending purposes. It serves this purpose excellently, but is more difficult to apply to other types of valuation than those concepts which consider the factors making up the final rate in greater detail.

This concept, while independently conceived, follows the same general principles as those already discussed and is further evidence that the majority of authorities on the subject of capitalization rates are following the same general premises.

The rate is divided into two components which are added together to produce the final rate.

1. *The base rate:* The going or market rate for conservative (50 per cent) first mortgage loans.

   > "We can all agree that the capitalization rate should be governed by the going rate of interest in the community plus the risk and hazard of the investment in the particular property, but we are not at all in agreement in our methods of estimating that rate. It seems to me that the rate of interest which an owner pays on a 50 per cent first mortgage loan plus an addition that approaches the difference in risk between the holder of a 50 per cent mortgage and the equity is a reasonable and logical return on the property when ap-

[3]John C. Tredwell, M.A.I., New York City.

[4]Frank D. Hall, M.A.I., New York City.

praised as unencumbered. The going rate on 50 per cent mortgages is fairly certain and does not have to be estimated and is, therefore, a good base from which to start."[5]

In this base factor, the elements of pure interest, nonliquidity, cost of management, and basic risk are included.

2. *The addition for equity risk:* This factor is actually two factors in that it incorporates a minimum penalty factor and a judgment or adjustment factor.

"The addition for equity risk depends upon several factors. The dependence upon expert management or special purpose occupancy would increase the rate. The risk is also larger if the income forecast is conservative. The risk is one thing if the net income to be capitalized is after liberal allowances for replacement and depreciation, and another thing if but little allowance has been made therefor. Thus, we find that before deciding upon a proper rate for capitalization we must measure the certainty of the income to be capitalized. Much of the difference in opinion among appraisers today regarding the capitalization rate is due to the fact that they are not capitalizing the same thing. They may agree upon gross rents and operating expenses, but, taking the same estimated income before depreciation, one will compute depreciation by a straight-line method for a conservative estimated life and use a 6 per cent rate of capitalization, and the other, using a sinking-fund or annuity method for a longer life and an 8 per cent rate, will obtain the same capitalized value. A difference between methods used by appraisers and the rate of capitalization often compensate each other, both leading to a reasonable, plausible answer.

"In testing the reasonableness of the capitalization rate used by the appraiser, I find it necessary, therefore, to consider, along with the going rate on 50 per cent mortgages, how conservative the appraiser has been in his forecast of gross effective rents, what allowance has been made for losses and vacancies, what deduction has been made for maintenance and replacements, and if an adequate reserve has been made for depreciation. The rule which I find most practical, with due warning that all rules in appraising have their exceptions, is this:

"After computing depreciation by a straight-line method and making a reasonable allowance in the operating expenses for maintenance and replacements, add about 1 per cent to the going rate of interest upon a conservative 50 per cent mortgage for that class of property requiring the least responsibility for management, such as retail stores in a well-established shopping center, and increase the rate, as the risk and responsibility for management increase, up to 2 per cent over the 50 per cent mortgage rate on such property as apartments.

"Thus, in appraising a downtown store building in the 100 per cent shopping center, if mortgage money is available for conservative loans at 4½ per cent, the capitalization rate would be about 5½ per cent. At the same time, if the mortgage rate upon an apartment loan is 5 per cent, I should add about 2 per cent or capitalize the net return at about 7 per cent. Remember, however, that this is after straight-line depreciation. A smaller reserve for depreciation should increase the rate.

"The appraiser must then check his final rate against the rate that a prudent, well-informed owner should expect on his investment in the property, considering opportunities offered by other investments of comparative risk."[5]

Shown below are illustrations of the foregoing capitalization rate concepts, assuming a one- or two-story building, a proper and balanced improvement, with responsible tenancy in a 100 per cent retail zone:

Schmutz's Concept:

1. The safe interest rate or pure interest	2.75%
2. The rate for risk	2.25%
3. The rate for management	1.00%
Total rate	6.00%

True's Concept:

1. Pure interest or the safe rate	2.75%
2. Insurance factor	1.25%
3. Penalty for nonliquidity	1.00%
4. Adjustment factor	1.00%
Total rate	6.00%

Tredwell's Concept:

1. The base rate (3% + ½% + 1%)	4.50%
2. The risk rate	1.50%
3. The market adjustment rate	0.00
Total rate	6.00%

[5]A quotation from an address by Frank D. Hall, M.A.I., New York City, before the Southwest Regional Conference of the National Association of Real Estate Boards, Wichita, Kansas, January, 29, 1938.

Hall's Concept:

1. The base rate (market rate for 50% first mortgage loans) 4.50%
2. The addition for equity risk (includes a minimum penalty factor of 1% plus ½% adjustment to market) .. 1.50%

Total rate 6.00%

ROSS'S[6] CAPITALIZATION RATE CONCEPT

The following description is from the article, "Rate of Capitalization," by Thurston H. Ross, M.A.I., which appeared in *The Journal of the American Institute of Real Estate Appraisers*, July, 1937.

This is a band of investment theory in which the final capitalization rate is determined by breaking up the total investment into several categories, each having its own rate.

> "That is, in order to find the final rate for the whole investment, various rates are weighted according to their relative importance and are combined into a single rate.
>
> "We do not find our capitalization rate upon the basis of a specific property in question; we derive it after an examination of particular kinds of money markets. Capitalization rates are not found for a particular piece of real estate but rather for a particular type of band of investment which real estate attracts."

Ross's concept is to average the rates necessary to attract capital to the separate investment bands which make up each total investment. For example, if one third of the value can be borrowed at 6 per cent; the second third, at 8 per cent; and the third part or equity can be sold to earn 10 per cent net, then it is seen that the over-all rate would be 8 per cent, irrespective of the value of the property.

However, in those cases where the percentages which can be borrowed are different, such as 60 per cent on a first mortgage and 20 per cent on a second mortgage, leaving 20 per cent for the equity, it becomes necessary to weight the rates to get the over-all rate.

If it is assumed that the property can be sold to earn 20 per cent on the equity, it may be necessary to compute several combinations in order to arrive at the most desirable or lowest capitalization rate. For illustration:

COMBINATION 1:	RATIO		RATE	PRODUCT
First Mortgage ...	40%	@	4%	1.60
Second Mortgage ..	35%	@	8%	2.80
Equity	25%	@	20%	5.00
	100%		....	9.40

COMBINATION 2:	RATIO		RATE	PRODUCT
First Mortgage ...	50%	@	5%	2.50
Second Mortgage ..	25%	@	7%	1.75
Equity	25%	@	20%	5.00
	100%		....	9.25

COMBINATION 3:	RATIO		RATE	PRODUCT
First Mortgage ...	60%	@	5½%	3.30
Second Mortgage ..	15%	@	6 %	0.90
Equity	25%	@	20 %	5.00
	100%		....	9.20

In these studies it is seen that if money can be borrowed upon the bases assumed, then the third combination where the over-all rate is 9.20 per cent would be the most desirable over-all rate.

> "This band of investment method is useful in finding the best deal to make as well as in finding the effective capitalization rate.
>
> "An objection might be raised to this method on the contention that the value of the property has to be determined before the different investment bands can be found. This is not so. The first and second mortgage money offers no great difficulty because these ratios are usually pretty well fixed by the lender. Only third and fourth liens on the equity proper present any problem.
>
> "After an appraiser has had some experience in this process, he will find that equity money has a reasonably fixed rate for certain types of property. . . . That is, he does not have to figure every property but may assume, for example, that the last 25 per cent of the capital will require an income of 20 per cent, or that the last 20 per cent of the capital will require an income of 25 per cent."[7]

THE OVER-ALL RATE

The final rates arrived at by the various concepts are over-all rates applicable to the property, land and improvements as a unit.

The "over-all" rate is the matter of primary importance to the appraiser, rather than its make-up. It is that rate of interest demanded, or received, by the investor for the use of his capital. Stated differently, it is that single rate applicable to land and building as a unit. The owner or prospective purchaser of income property is not so much concerned with the rates earned by the land and by the structures separate and apart from each other, such as 6 per cent

[6] Thurston H. Ross, M.A.I., Los Angeles, California.

[7] "Rate of Capitalization" by Thurston H. Ross, M.A.I. *The Journal of the American Institute of Real Estate Appraisers*, July, 1937, issue.

on land and 8 per cent on building, as with the return from the property as a single income-producing unit.

In estimating market value by way of the capitalization process, the best indicator of what the over-all rate may be for any type of property in any particular district is to calculate it by dividing the net income by the sales price at which comparable properties have sold during a time of comparable economic conditions. For illustration, if an apartment house having a net income of $4,500 per annum (net to land and building after depreciation) were sold for $60,000, and if this sale were normal in all respects and other comparable transactions reflected a similar rate, then it might be said that 7.5 per cent was the proper rate for this type of property in this area at that time.

During times of so-called "normalcy," or economic equilibrium, as evidenced by a reasonable static price level, the over-all capitalization rate for any particular type of property in a particular area will fluctuate but little above or below its norm. However, the over-all rates for different types of property and for similar properties in different districts may be quite different. A changing price level, and all it implies, will occasion an inverse change in the normal over-all interest rate; i.e., when prices are rising, the rate will fall; when prices are falling, the rate will rise.

SPLIT RATES

Split rates are separate interest rates, such as 5 per cent for land and 7 per cent for building, employed in residual appraisals and otherwise.

It is not uncommon for appraisers arbitrarily to employ such split rates, irrespective of the ratio of land value to building value, the adequacy of the improvement, etc., although the practice is subject to severe criticism.

The effect on the over-all rate of using split rates with varying ratios of land value to building value is shown in the illustration at the bottom of this page in which a 7 per cent over-all rate is considered proper, thus reflecting a value of $60,000.

Having decided that 7 per cent is the proper over-all rate, it is evident that the split rates of 5 per cent and 8 per cent are only suitable to the problem if the ratio of land value to building value is 1:2.

Whenever split rates are so used, the over-all rate which they reflect should be determined and checked by the appraiser as to whether or not it is a proper over-all rate.

LESSOR'S AND LESSEE'S RATES

The lessor's and lessee's rates, by which is meant those rates at which their respective incomes should be capitalized, now command our attention.

In long-term ground leases the customary security for the faithful performance of its covenants, e.g., payment of rent, is a building to be created by the lessee at its own expense. This the lessee subleases to tenants. Of the rentals collected from tenants, the lessee must first pay the ground rental to the lessor before any income can be imputed to his structure.

The land thus occupies a preferred position, like a first mortgage. If, for illustration, rents decline, then the income to the

NET INCOME ATTRIBUTABLE TO LAND AND BUILDING AFTER DEPRECIATION: $4,200
Split rates: Land 5%; Building 8%

APPROX. VALUE RATIOS	LAND VALUE BY COMPARISON	LAND CHARGES	NET TO BUILDING	BUILDING VALUE	TOTAL VALUE	OVER-ALL RATE
1:2/3	$40,000	$2,000	$2,200	$27,250	$67,250	6¼%
1:2	20,000	1,000	3,200	40,000	60,000	7%
1:4½	10,000	500	3,700	46,250	56,250	7½%

building may disappear entirely without affecting the income to the land. Conversely, a rising price level and advancing rent bring about a greater income to the building (and management) likewise without affecting the income to the land.

It is now seen that great changes may occur in the earnings of the property without affecting the earnings of the land. Thus, the land is subject to a lesser risk, and the rate employed in capitalizing its income (the lessor's interest) is correspondingly small. On the other hand, any changes in the net income to the property are first reflected in the income to the structure. Hence the income to the building is subject to greater risk and therefore warrants a higher rate.

And, in conclusion, various rates may be applicable in the same property. The rate to land on long-term ground leases usually will be lowest; the rate applicable for the property on a long-term building lease will be higher; and the rate for capitalizing five- or ten-year store leases will be the highest.

SINKING-FUND RATE

The sinking-fund interest rate must be low for the reason that such accounts contemplate the compounding of interest over long periods of time. Financial history has adequately shown that money cannot be accumulated at high interest rates, that is, higher than the average compound rate of increase of the wealth of the nation. This corresponds approximately to the safe interest rate hereinbefore discussed and which in turn tends to fix the savings bank interest rate.

History also has conclusively demonstrated that, over long periods of time, money cannot be safely invested at a compound interest rate of more than 3.5 per cent per annum. At the present time the rate is much less. Why this should be so is not so important as the fact that it is so. Of course, there may be terms of relatively short duration during which higher rates can be earned, but surely and inevitably there come times when losses must be absorbed, either of principal or of interest. This reduces the long-term average earning rate.

For the purpose of pointing out the utter absurdity of employing high compound interest sinking-fund rates, e.g., 4 per cent or 6 per cent, the following illustration is used. Had Queen Isabella of Spain, in lieu of outfitting Christopher Columbus with three ships to discover new lands (America), invested the $10,000 at 4 per cent interest, compounded annually, there would have accumulated in this sinking fund in 1935 (after 443 years), the grand sum of $351,250,000,000. Had a 6 per cent rate been used, the amount would have been $1,023,900,000,000,000.

The rate at which money can be compounded over reasonably long periods of time, say thirty years, cannot be in excess of the increase in the wealth of the nation.

RATES FOR REVERSION

For reversions, that is, the rate at which future amounts should be discounted in estimating present (today's) worth, the rate should not be low, such as in a sinking fund, notwithstanding the fact that the *present worth of one*, a single future payment, is that single installment, which, if deposited today and left at interest, compounded annually, will amount to one at the end of the given time.

The future is uncertain, and any estimate of future value, say fifty years hence, is a pure guess fraught with uncertainties. In view of this condition, a factor of safety should be injected into the computation, and this is accomplished when a high rate is used.

Assume a case in which land value of $1,000,000 is to revert to the owner fifty years hence. The *present worth of one* collectible fifty years hence if discounted at 3 per cent is today 0.2281; if discounted at 8 per cent, it is 0.0213.

Therefore:

at 3% — $1,000,000 × 0.2281 = $228,100 — 50 years hence.

at 8% — $1,000,000 × 0.0213 = $ 21,300 — 50 years hence.

If the 8 per cent discount rate is used, the reversion becomes of comparatively small importance as a factor in the total value, and an error even to the extent of 100 per cent is likewise unimportant.

RATE FOR PROFIT OR RATE FOR SURPLUS INCOME

Profit as used here is that portion of the net income to the property in excess of the normal requirements (interest and depreciation on the building and a reasonable return on the land).

The rate at which profit should be capitalized is high indeed. Not uncommonly it should be 60 per cent or even more. This is for the reason that profit is the least stable item of income. If any decrease in income does appear, profit is the first to suffer; and profit must vanish before the amount of the income imputable to any of the agents in production is interfered with.

Profit is, perhaps, the most illusive of all appraisal data. Why this is so is aptly expressed in one of the inexorable axioms of economics: "Exorbitant profits breed ruinous competition." Not many years ago there was the "miniature golf" craze during which time countless numbers of vacant lots were improved with undersized golf courses under leases, which, when capitalized at prevailing interest rates, reflected values unbelievedly greater than warranted and greatly in excess of cost.

Similar situations existed with service stations, apartment houses, and other types of real property. We likewise witnessed the inevitable attraction of capital to such ventures seeking high returns on the investment, with the result that competition entered and reduced the net incomes not uncommonly to ruinous levels. *Profit cannot permanently exist.* The normal tendency is for competition to dissipate the major portion of it and for land to absorb the small remainder through increased land prices.

FACTORS HAVING GREATEST EFFECT ON CAPITALIZATION RATES

The factors having the greatest effect on capitalization rates are:

1. *The price level and economic conditions*—meaning their stability or instability. During a rising price level, when rents and realty values increase and capital profit appears, the risk of ownership decreases, and interest rates tend to move in a like direction. Conversely, when the price level falls and rents and realty values fall likewise, a capital profit disappears, the risk of ownership increases, and interest rates likewise move upwards. The so-called "normal" capitalization rates will prevail only when the price level is reasonably static. During periods of "normalcy," or when the price level is reasonably static, i.e., fluctuating within narrow limits, or, stated still differently, when the agents in production are in equilibrium (that is, the gross income to a property is sufficient to pay a reasonable return on the investment), then and during such times a well-defined over-all rate will prevail. However, if the price level is moving upward, the risk rate will fall, tending to reduce the over-all rate; conversely, both the rate for risk and the over-all rate will increase.

   The effect of changing price levels may be illustrated as follows:

PRICE LEVELS

Capital or Durable Goods	*Capitalization Rate*	*Consumer Goods*
Rising	Falling	Rising
Rising	Stationary or Slightly Rising	Falling
Falling	Rising	Falling
Falling	Stationary or Slightly Falling	Rising

2. *The desirability of the district*—its stability. A district whose future seems excellent with increasing population and purchasing power warrants a lower capitalization rate than one where the future trend seems downward. There will be an added value due to the unearned increment. Consideration should always be given to the possibility of the district being converted to higher use.
3. *The desirability of the type of property*—such as industrial compared with residential income or retail commercial. Does experience indicate that it is a type whose earning power is reasonably stable under stable economic conditions?
4. *The ratio of land value to building cost*—land being subject only to economic depreciation is likely to be more stable than the building which is a wasting asset. Therefore, the higher the percentage of value represented in the land, the lower the justified capitalization rate.

The following table shows the ratios of land to building for five of the largest office buildings in the downtown financial district of New York City. The figures used are the assessed valuations for 1937.

ADDRESS	HEIGHT	LAND	BUILDING	RATE
1 Wall Street	50-story	$10,250,000	$ 9,250,000	1:0.9
2 Wall Street	21-story	3,900,000	2,600,000	1:0.7
40 Wall Street	67-70-story	10,750,000	10,450,000	1:1
120 Broadway	38-story	13,250,000	15,750,000	1:1.2
70 Pine Street	67-story	1,500,000	7,300,000	1:5

This table clearly shows that, by comparison with the other four, the 70 Pine Street building is an overimprovement and would require a higher capitalization rate.

5. *The supply of and demand for funds*—the elemental economic law of supply and demand. An oversupply, coupled with weak demand and competition among lenders, lowers interest rates. Where interest rates go down, equities increase and capitalization rates decrease.

   The United States has ceased to be a pioneering nation. The result is that large demands for capital for speculative ventures at high interest rates no longer exist. In addition, the statistical studies of the major life insurance companies indicate a population peak about 1950, beyond which our population will decline unless the birth rate increases or the immigration restrictions are lifted.

   These two facts would indicate for the future a relatively weak demand resulting in more or less stabilization of the interest rates at low figures.

6. *The purpose of the appraisal*—if the appraisal is for mortgage-lending purposes, any speculative influences should be eliminated. If the appraisal is for an adjoining owner, he could conceivably pay more due to added plottage value.

7. *Governmental policy*—as exercised through the combined powers of the Treasury, the Federal Reserve Board, and such Federal agencies as the Home Owners' Loan Corporation, Federal Housing Administration, etc. In addition, the policy of the various state and municipal housing authorities must be considered.

   A vast and unexplored field for study is presented by this problem of governmental policy affecting capitalization rates and values of real property. The fixing of mortgage interest rates by governmental agencies will tend to peg rates in the particular fields in which they operate. The sale or rental policy as applied to foreclosed property could seriously impair values in certain localities. Subsidized housing, exempt from taxation and the necessity of producing a fair return on the invested capital, could produce ruinous competition for private owners in the area.

   The increasing social aspect of governmental policy resulting in higher wages and building costs has caused a virtual cessation of all but single-family construction. Coupled with this are the higher operating costs caused by added tax burdens for relief, unemployment, and social security.

   The necessity of caring for the needy, unemployed, and aged is not to be denied, nor is the necessity for subsidy in so-called slum-clearance housing to be denied. Private capital will not do it because it cannot be done profitably. One fact, however, stands out clearly: *Real estate directly and indirectly is bearing much more than its proportionate share.*

SUGGESTED CAPITALIZATION RATE BRACKETS

The construction of the capitalization rate from its component parts has indicated a logical method of approach to the final over-all rate.

From our previous discussion it is evident that the lowest rate will be applicable to that type of income which is considered the safest and surest, that is, comparatively free of risk.

The real estate income with the least risk comes from vacant business lots in the heart of the central business district. Usually it comes from adequately secured long-term ground leases.

The rate applicable to such incomes is not uniform in figure for the entire country, nor is it uniform in any city—changes being occasioned by changes in economic conditions and otherwise. However, there is a "norm" toward which this rate tends to adjust in every city, particularly during times of relative stability in the price level and in interest rates.

The following table represents the weighted average opinion of a group of about fifteen experienced appraisers whose territory is New York City and its contiguous metropolitan area. It is included merely as a guide.

Ground leases in 100 per cent central business district locations	4½-5 per cent
One and two-story store buildings, proper and balanced improvements in 100 per cent retail zones	5-6 per cent
Office buildings, proper and balanced improvements in the heart of central business districts	6-7 per cent
Semifireproof automatic elevator buildings, proper and balanced improvements in stabilized areas	6-8 per cent
Fireproof elevator apartments, proper and balanced improvements in stabilized areas	6½-8 per cent
Apartments, proper and balanced improvements in outlying areas, depending on the stability of the district	6-9 per cent
Hotels, proper and balanced improvements, convenience to central business district being of prime importance	8-10 per cent
Suburban or secondary business properties, proper and balanced improvements (In suburban business property, the unearned increment plays an important part in fixing the capitalization rate; this is particularly true when the population is rapidly increasing and providing increased purchasing power to develop the trading area rapidly. In such cases the rate might be as low as 5 per cent.)	8-10 per cent

PREDICTING THE FUTURE

Some writers on the subject of *capitalization rates* advance the theory that as real estate is a long-term investment and its ownership in most cases extends over one or more business cycles, the selection of the capitalization rate should be based upon the predicted future course of interest rates. The idea is excellent—if you can do it.

Dwight C. Rose, in his book, *A Scientific Approach to Investment Management*, tells of the following incident:

"The following letter was written in January, 1899, to a number of leading financiers by The Equitable Life Assurance Society of the United States:

'My dear Sir:

'We should be greatly obliged to you if you would be good enough to let us know what rate of interest you consider it safe for a life insurance company to count upon realizing, on its total assets, invested in such securities and mortgages as an institution of this kind should hold, during the next twenty years.

'The policy contracts and the premiums charged thereon involve a calculation in advance of the interest rate which will certainly be obtained beyond peradventure, and the opinion of experienced financiers is sought in order to reach a trustworthy conclusion.

Very truly yours,

JAMES W. ALEXANDER.'"

Among others, answers were received from the following: Lyman J. Gage, Secretary of the Treasury; C. N. Jordan, Assistant Treasurer of the United States; Henry Clews, banker; August Belmont, financier and capitalist; Jacob H. Schiff, Kuhn, Loeb & Co.; Marshall Field, merchant. They all predicted lower average interest rates over this twenty-year period, and their prophecies were almost 100 per cent wrong.

In the October, 1937, *Digest of Digests*, published by the Monthly Stock Digest Service, appears the following:

"One may not, however, forecast the future course of money rates with any degree of assurance. Naturally, the trend will be influenced materially by business activity and changes in the general price level. The condition of the capital markets will also have an important bearing. But the major consideration, overshadowing all other factors affecting the outlook for interest rates, is governmental policy as exercised through the combined powers of the Treasury and the Federal Reserve Board.

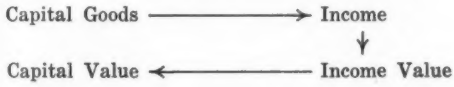
"Treasury and Federal Reserve Board powers are such that the credit situation can literally be changed over night. The rediscount rate can be raised or lowered, open market operations in the form of purchase or sale of Government bonds can be resorted to, reserve requirements can be lowered or the large sums of gold 'sterilized' in the inactive gold fund can

be unsterilized and injected into the nation's credit base. Briefly, Government policy seems to be committed to 'monetary ease,' apparently desired largely in order (1) to encourage the revival of industry in such fashion as to reduce unemployment, and (2) to enable the Treasury to accomplish its deficit financing as cheaply as possible."

The capitalization rate is a market phenomenon. Dr. Irving Fisher says it is determined by: (1) the impatience to spend income and (2) the opportunity to invest it.

The present worth is, in the last analysis, the opinion of willing buyers and willing sellers. Dr. Irving Fisher also says that although income is derived from capital goods, yet the value of the income is not derived from the value of the capital goods.

The value of the capital goods is derived from the value of the income. This is because capital may not produce an adequate income, particularly if unwisely invested.



Valuation is a human process in which foresight (selection of rate) enters. Valuations are always interpretations.

A detailed analysis of the *capitalization rate* is generally not practical for either the appraiser nor the investor. It is true, however, that studies of the economic factors which influence the seemingly irrational movements of interest rates should be part of the mental equipment of the modern appraiser, such as the following:

BOND YIELDS

	U.S. Government (2)	*High-Grade Municipal (3)*	*Corporate (4)*			
			Aaa	*Aa*	*A*	*Baa*
1928	3.33	4.05	4.55	4.71	5.00	5.51
1929	3.60	4.27	4.73	4.93	5.27	5.90
1930	3.28	4.07	4.55	4.77	5.13	5.90
1931	3.31	4.02	4.58	5.05	6.01	7.61
1932	3.66	4.65	5.01	5.97	7.20	9.30
1933	3.31	4.71	4.49	5.23	6.09	7.76
1934	3.10	3.95	4.00	4.44	5.08	6.32
1935	2.70	3.16	3.60	3.95	4.55	5.75
1936	2.47	2.68	3.24	3.47	4.02	4.77
1937	2.57	3.10	3.27	3.50	4.04	5.11

(2) Average of yields of all outstanding bonds due or callable after eight years.

(3) Standard Statistics Co.

(4) Moody's Investors Service, revised series.

GENERAL PRICE LEVELS AND COST OF LIVING

1933 Average = 100; not adjusted for trend.

		General Price Level	*Cost of Living*
1936	Average	153.6	144.7
1937	January	161	148
	February	161	149
	March	162	150
	April	162	151
	May	162	151
	June	162	151
	July	163	151
	August	164	152
	September	161	153
	October	158	153
	November	156	152
	December	155	151
1937	Average	160.6	151
1938	January	155	150
	February	154 (p)	148 (p)

(p) preliminary.

The General Price Level is a composite resulting from consideration of Primary Distribution, Consumer Distribution, and General Business Activity.

(From *Monthly Review*, Federal Reserve Bank, New York.)

The Appraisal of Warehouses

By ALLISON P. ALLINGHAM, M.A.I.

THE experienced appraiser is a very cautious individual in these days. He realizes he must have an unusual amount of data upon which to base his opinion.

In an appraisal of warehouse property a great deal depends upon an analysis of the economic conditions which are likely to develop.

Let us outline our course in a logical way by considering a property to be found in an industrial city of one half million population — a building in which there would be only one or, at the most, two tenants, who provide their own heat, light, and services; a building which is a six-story and basement brick warehouse of substantial joist construction, containing 120,000 square feet of rentable space, thirty years of age, and reconditioned seven years ago at an expenditure of $60,000. Its present condition is good; it contains two elevators, an adequate heating plant, with sprinkler system, and a good roof.

Eight years ago one tenant, occupying the whole building, vacated. For years he had paid $18,000 annual rental and furnished his own heat, light, and other services. Since 1932 the best income has been $6,000 per year gross; the present lease expires next year. The building is not on a switch track, but it is within one block of a rail freight station and four blocks from the principal retail business center of the city.

From every angle the property is easily adapted to most types of dry storage or light manufacturing. For many years it has been utilized for these purposes, and the surrounding properties are devoted to a similar use. The corner location of this building in a neighborhood of warehouse properties gives it a good rating on this score and an even chance for competitive business.

AVAILABLE WAREHOUSE SPACE

This leads us to the question: "What is the supply of available space as compared with presently existing or probable future demand?"

A survey made within six months of the date of the valuation showed an available supply of 3,000,000 square feet of warehouse and manufacturing space of various types in the city with about one half of it comparable to this building. During the intervening six months only about 5 per cent of it had been absorbed, the greater part being one-story properties. Recently many multiple-story buildings have been reduced to two or three floors because of long-term inability to rent the higher ones.

With manufacturing upon a limited production basis and low inventories, one would ordinarily expect a demand for such space within a reasonable time. Yet, in the immediate past, one finds that the middleman or jobber has restricted his space. Where he once kept large stocks, he now requires space for samples only and fills orders directly from the factory. Before we can record our decision on this point, we must consider the following.

Should a sudden or early demand present itself, what space directly comparable to the subject property would be available? A detailed study of the location is necessary and an answer to the question of whether or not a superior location would yield great competition. The survey might include vacant property nearer some specific utility of a user of the tenant's goods which could be developed in a more modern way to suit the tenant. Naturally, consideration must be given to the rental as well as to the service each property can offer.

TRANSPORTATION

Transportation facilities also enter into

the picture. The subject property is not competing primarily with switch-track facilities; with four loading doors directly from the sidewalk, it is compared with the warehouse property in which trucks may back inside and operate wholly within the building. Only one in the immediate vicinity has these facilities. Allied to this housing of automobiles within the premises is the difference in insurance rates.

ELEVATOR, HEATING, AND FLOOR-LOAD FACILITIES

How do elevator services compare? Is heat furnished to all floors? What are the floor-load capacities of competing buildings? And how do insurance rates, considering type of occupancy, match up? One of the elevators is small as compared with the nearest neighbor and may have to be replaced for another tenant. The heating equipment is excellent for the two lower floors, and there has never been need for more than moderate temperature in the upper floors, although they are provided with sufficient piping.

The first and second floors will carry 125 pounds per square foot, while the upper floors are restricted to 75 pounds. The two upper floors have daylight from all sides, and the four lower floors have that from two sides plus limited light from an alley on the south side.

An estimate of the cost to divide into more than two or three units seems rather high in view of the trend away from the area, coupled with the cost to provide necessary heat, light, and services which this would necessitate. To demolish the building would cost approximately $3,500, and, when done, there would be no likelihood of renting the land.

TAXES

The question of taxation is always disturbing, and, where one is convinced that property of this type is overassessed, one must analyze it to see if this is a general condition or merely an inequality which must be brought to the assessor's attention. Inconsistencies often appear where assessments are made entirely on the value of land as vacant added to the replacement cost of the building regardless of income.

In a study of rentals for loft space since 1930 a range of from thirty to ten cents per square foot was found, and buildings, which in 1930 paid a return of from 8 to 10 per cent, scarcely bring from 1 to 4 per cent today, and these suffer an increasing vacancy.

This suggests the thought that the purpose of the appraisal should be stated in every report. At least the reason and purpose of the valuation should be known to the appraiser. Many owners, at times, seem very mysterious about disclosing this.

THE RATE OF CAPITALIZATION

When considering the rate of capitalization, one must necessarily deliberate on the type of buyer likely to be attracted to the property. As a pure real estate investment, the rate of 6 per cent, before amortization, in the present market would not be very alluring. The country is emerging from a long period of comparative inactivity, and investors in real estate must be shown producing properties backed by term leases well secured. The present general thought is that the period of optimism is rapidly approaching and new ideas will have full opportunity for expression; low-priced properties will be in early demand. This is more or less speculative, yet in such periods the buyer of this type of investment sees opportunities which the conservative investor overlooks. The other type of buyer to whom this would be attractive is the "user" who, because of increasing rents, would obtain a permanent location at a price approximating his present low expenditure. If the property is not suitable to him without large remodeling cost, this would have to be considered in the price he would be justified to pay.

If the value of a property depends upon its capacity for profitable use, present or prospective, what would one be justified to pay for it? That justification being its probable future net return, then the dominating factors must consist of income and not reproduction cost less depreciation.

Naturally, the economic life of the building has to be considered along with the facts gleaned from our study of supply and demand trends.

MANAGEMENT

Here, in a large measure, is the answer to some of the questions we have asked ourselves. A short-sighted policy of neglecting repairs and necessary upkeep by owners or managers leads inevitably to extraordinary expenditures which may necessitate a capital outlay instead of from the annual income. This was the case with the subject property, and since the reconditioning of several years ago it has been able to pay only little more than taxes and insurance.

COST OF REPRODUCTION NEW

Probably the best method for appraising buildings of this type is to take off a complete bill of materials and then apply the unit prices for materials and labor applicable in the locality. The commonest way is to apply a unit price per cubic foot of contents, which will vary considerably according to class and size of the property.

There are fifteen principal items which may be said to cover adequately the main points in an estimate of this sort. They should be carefully considered in working out a cubic foot factor to apply in the appraisal of a particular property.

1. Excavation.
2. Foundation.
3. Walls.
4. Steel frame.
5. Roof.
6. Windows and doors.
7. Interior finish.
8. Heating.
9. Plumbing.
10. Lighting.
11. Painting.
12. Overhead.
13. Insurance and taxes.
14. Interest on investment bond and insurance during construction.
15. Architect's and engineer's fees and miscellaneous.

Some appraisers compute warehouse and factory buildings by the square foot of floor space. In every case one must be familiar with buildings of the same type to determine accurately the value of them.

A severe criticism of appraisers was recently made by the manager of a large loaning institution who said that in three separate appraisals of the same building he found a wide divergence in the number of cubic feet used by these men; that if all had used the same method of arriving at it, their fundamental differences in this item would have produced more uniform results.

In measuring a warehouse for computing the cubic foot contents, the dimensions should be taken from outside to outside of all walls and from the bottom of the foundation to the top of the roof if a flat roof and to an average height of a gable roof.

In cases where reinforcing rods are used in concrete buildings, one must consider the amount of steel in the concrete as an additive item to the delivery costs of mixed concrete.

During periods when prices of materials and labor vary considerably, one should use the average for five years as a proper factor to apply to a particular property.

VALUE DEFINED

In every appraisal we are confronted with the various definitions of what constitutes *value*, and it is well to declare ourselves by a statement as to what is meant by the final figures in our report. Do we mean the broad interpretation:

> "The present worth of all the rights to future benefits arising from ownership."[1]

or:

> "The quantity of other commodities a property will command in exchange; specifically the highest price estimated in terms of money which a buyer would be warranted in paying and a seller justified in accepting, provided both were fully informed, acted intelligently and voluntarily, and further, that all the rights and benefits inherent in or attributable to the property were included in the transfer."?[2]

There being some marked differences of opinion as to whether there is such a thing as *market value* for real estate as dis-

[1] *Appraisal Terminology* (2nd ed.; Chicago: American Institute of Real Estate Appraisers, 1938), p. 84.
[2] Ibid., p. 52.

tinguished from *market price,* it would seem that a definition should accompany every report. In the last edition of *Appraisal Terminology* thirty-seven separate kinds of value are defined. As an example, two appraisers on opposite sides in a court case gave figures as to the value of a property. One explained by giving the first definition quoted above, and the other stated that there was no such thing as "market value," that his figure was the "market price." The court seemed confused and wondered if the two witnesses were "speaking the same language."

The subject property is located within two or three blocks of the Federal Reserve Bank, the main post office building, two of the principal commercial banks, and large downtown office buildings and four blocks from the principal department stores of the city. All of these properties occupy land productive of high values, but this proximity does not maintain corresponding figures in near-by locations.

The theory that a constantly increasing population indicates mounting land values within the city limits has to be revised to correspond with facts concerning migration of business and industry. In this case the migration of one large industry, followed by a large wholesale food market, gave a marked downward tendency to the whole district. These migrations drew others, and many of the obsolete loft and manufacturing buildings were demolished to save taxes; the land is now awaiting a new use. Owing to the diminishing need by rail carriers, several one-story transfer freight houses in the vicinity have been rented for storage or demolished. Does this mean that less than carloads will hereafter be delivered to the user direct from the factory by auto truck and that only basic materials will be transported by rail to manufacturers?

The census district in which the subject warehouse is located consists of 824 acres, 614 of which are devoted to industrial and commercial use. The population has decreased 34 per cent in the past twenty years, and vacant parcels have increased. In the city as a whole there has been a population increase of 35 per cent during the same period. Statisticians predict that our cities will continue to grow in a like manner for another twenty years and thereafter the rate will decline. It would be difficult to make any forecast of the "highest and best use" of the district generally beyond a few years.

The cost new, less depreciation, indicates a present value of $120,000. Taxes during the past six years were paid on an assessment of $121,400, yet the highest rent which has been obtained during that period is $6,000 per year gross.

Before proper consideration can be given to a property it is necessary to have sufficient data upon which to base your decision. It is imperative in appraising warehouses to have data about the location, its desirability and comparison with others; type of use; supply of available space; present and probable future demand; transportation facilities; elevator service of the building; insurance rates; district population and its migration and trend; taxes; floor-load capacities; light from outside; rental prices as compared with others; net income; the feasibility of dividing the building into units at a moderate cost to produce more income; and the feasibility of demolishing the building as well as the proportion of taxes saved and the probable net income from the land as vacant.

The Valuation of Remainders

By GRAHAM ALDIS, M.A.I.

WHEN part of a landholding is taken by the exercise of the right of eminent domain, one measure of the resulting damage is the difference between the value of the property before and its value after the taking.

Ignoring special situations, as when a nearly unusable remnant is left, the usual approach is to assume: (1) the same value for every square foot of the entire parcel or (2) a value based upon the relation of frontage and depth as modified by the taking. The first procedure is normally reasonable in the case of farm lands. It is equally reasonable in the case of urban industrial property or warehouse property where (assuming that adequate access and a sufficiently usable area exists both before and after the taking) every square foot is as useful as any other, both at the ground level and in the case of any floor of any appropriate improvement.

The second procedure applies to residential and commercial property. Here the appraiser is confronted with a dilemma. If (the normal instance) the property depth is to be reduced by the taking for a street widening, the appraiser may attempt to estimate the loss in value of the land by means of a depth table. But, there are depth tables *and* depth tables. If he used Kniskern's, why did he not use Zangerle's or the local assessor's? Probably he considered Kniskern's the most appropriate, or the selection was made at random. So, after all, the appraiser used his own judgment and might just as well have made two separate appraisals.

SINGLE-FAMILY RESIDENCES

In the case of single-family residences, the amenity factors for a deeper or shallower lot can be known primarily by experience and in any event are likely to become merged in the question of the influence which the public improvement is likely to have upon the highest and best use of the lot in question. However, a depth table in such circumstances may be of some value if it applies to and is the product of local experience in residential property.

COMMERCIAL PROPERTY

But in the case of commercial property, the suggestion is here made that the condemnation appraiser can well and should adopt the method of income analysis—actual or reasonable income before the taking and the probable income of the remainder. Retail rentals in established business districts are usually fairly stabilized and ascertainable. For example, in the first block a restaurant 100 feet deep is paying $500 per month; in the next block, equally good, a specialty shop 60 feet deep is paying $400 per month. The street in the first block is to be widened by taking 40 feet from each side. Thus, a loss of this depth equals $100 per month rental, upon the basis of the second location. Deduct expenses and capitalize (plus, of course, building loss and reconstruction).

The example just given is obviously an extreme simplification. Specialization in merchandising has developed many different requirements in both widths and depths in stores; e.g., ordinary chains, food stores, restaurants, and shoe stores can use and usually demand greater depth; many other merchandisers require less. Many lines of business can, and some must, also have merchandising basements in connection with the enterprise. A few lines can merchandise upstairs in connection with ground floor space. A lot 48 feet by 175 feet is worth more than two separate lots 24 feet by 175 feet because the merchant who can use such a depth needs the wider frontage. Cut this depth to 100 feet, and the plottage value diminishes because there is a better prospect for renting to two smaller stores.

SKYSCRAPERS AND MULTI-STORY COMMERCIAL PROPERTY

Commercial sites subject to improvement by multi-story buildings, however, are a more complicated matter. A department store covers the entire lot, and a taking of a portion of such a holding affects the upper floor value upon a square foot basis (excepting only if the floor area of an appropriate improvement is thereby

reduced below the minimum for efficient departmental merchandising). The ground floor value is affected analogously with that of other retail property.

Sites appropriate for office buildings and hotels, however, present a different problem, one arising out of the peculiarities of their design. Regardless of the economic excesses in the construction of such buildings, the period of the twenties did result in an intensive study and a pretty thorough understanding of the elements of their design on the part of certain architects and of building managers generally. While this information is available, appraisers have made comparatively rare use of it, perhaps because they have had little occasion to do so.

For example, the proper width of an office, and hence of a construction bay, is from 17 feet to 18 feet in order to permit a typical "T" subdivision of two private offices and reception room without loss of space. However, this factor is not of primary concern in planning an office building on a given site because its dimensions are generally such that within the permissible variation in width of bays and with adjustments of any excesses or deficiencies in the corner units a series of typical bays can be provided.

The proper depth of an office is 25 feet; a series of such offices with a corridor between constitutes a wing, which is thus from 60 feet to 65 feet wide and requires a minimum of natural light and air on each side. This is the important factor governing the relation of building to site. In the case of hotels, the dimensions of room units are not so standardized, but the principle is the same. Thus, every office building or hotel is a series of wings placed on the lot so as to develop a maximum of rental area adjacent to a minimum of light and air (a minimum frequently underestimated during the heyday of skyscraper construction). Depending upon the total area and proportions of the lot, these wings naturally group themselves into an "I" or single wing across the front of an inside or on a very shallow corner lot; an "L" on a larger lot, which becomes a "U" or center and double wing (with exterior or interior courts) as the lot becomes deeper; and, finally, an "O" if the dimensions both ways permit an adequate interior court (the minimum dimensions of which in turn depend primarily upon the height of the building itself). On irregular lots the solution developed tends to approximate the above forms.

Thus, it will be seen that any partial taking of such a site will involve: (1) a loss of rental value on the ground floor which can be estimated as heretofore discussed (although complicated by the provision for lobby and elevators) and (2) a loss of potential upstairs area (offices or hotel rooms) which will vary greatly as the efficiency of the lot for such development is affected by the taking. Hence, it will be necessary to consider the best design, first, for the site as it actually exists before the taking and, second, for the site which will exist after the taking. For example, if originally an O-shaped building could be erected and the taking leaves only a site for a U-shaped building, an area will have been lost which could have been developed 100 per cent with an additional wing across the back. But if all that results from the taking is that the architect must cut off the tips of a "U," a large part of what is taken (above the first or second floor) is only potential light court. Generally speaking, an oblong site will develop more efficiently for skyscraper use than the same area in the form of a square.

Further refinements in the valuation of office space with regard to light, frontage, corner influence, etc. are established in the "Sheridan-Karkow Formula."

The Appraisal Docket

Cases, decisions, and other matters involving rulings and precedents affecting real estate and valuation

William Wilson, Editor
John C. Butler, Assistant Editor

A CHICAGO member of the Institute told us a very delightful story one Sunday evening over a very delightful dinner. He was, it seems, engaged in the appraisal of several negro-owned properties on the South Side of Chicago, preparatory to their purchase in aid of a governmental slum-clearance and low-rent housing project. The acquisition of the properties was being made, not by condemnation, but by independent bargain. One negress was particularly emphatic in denying access of this member to her home so that he might inspect and appraise it. So confronted, he resorted to his native wit. He opined that the floors were of poor material; the retort was that they were hardwood. He hazarded the opinion that the home was stove heated and was given to understand that he was incorrectly informed: the home was steam heated. At the end, he had an accurate description of the property which had hitherto been denied others.

Anent such story we moved to remark that the profession of appraising not only gives full rein to the mathematical abilities of those engaged in it, but affords the widest possible scope for the employment of psychological talents. We come now to the moral. When asked why such property was not condemned rather than acquired through the method of individual bargain, the appraiser answered that the acquisition of property for slum-clearance and low-rent housing purposes was not a public use within the meaning of the constitutional limitation that private property shall not be taken for public use without just compensation. It was not a public use to take property and homes from one so as to give them to another. Undoubtedly, Mr. Nathan Straus, the Administrator of the United States Housing Authority, would noticeably shudder at this Adam Smith pronouncement. Apropos of shudders, the officials of the United States Housing Authority have had occasion to shudder, even publicly, ere now, as we shall later see.

WHAT IS A PUBLIC USE WHICH CONDITIONS THE EXERCISE OF THE POWER OF EMINENT DOMAIN?

ON THIS point there are two variant schools of thought. As has been aptly stated in *United States* v. *Certain Lands in City of Louisville*, 9 F. Supp. 137 (D.C. Ky., 1935) at page 138:

> "The universal rule in this country is that the states can condemn private property only for a public use, and the language of the Fifth Amendment shows that the framers of the Federal Constitution intended that the national government should be similarly restricted. The prohibition in that amendment against the taking of private property for public use, except upon the payment of just compensation, clearly implies that it cannot be taken for private use at all. However, there are two schools of thought exemplified in the decisions in this country as to the meaning and scope of the words *public use*, when used in connection with the exercise of the power of eminent domain; one holding that public use is synonymous with *public benefit, public advantage*, and *general welfare*, while the other holds that public use means use by the government itself in the performance of governmental functions, or a use or service open or available to all or a part of the public as of right, irrespective of whether the title to the property condemned is vested in the government or in some private agency."

Concerning the former point of view, it has been said by the Pennsylvania Supreme Court in *Dornan* v. *Philadelphia Housing Authority*, —— Pa. ——, 200 A. 834 (1938), at page 840:

> "On the whole, although the cases on this subject in Pennsylvania have been comparatively few in number, it may fairly be stated that, while firmly maintaining the principle that private property cannot be taken by gov-

ernment for other than a public use, they justify the conclusion that judicial interpretation of 'public use' has not been circumscribed in our State by mere legalistic formulas or philological standards. On the contrary, definition has been left, as indeed it must be, to the varying circumstances and situations which arise, with special reference to the social and economic background of the period in which the particular problem presents itself for consideration. Moreover, views as to what constitutes a public use necessarily vary with changing conceptions of the scope and functions of government, so that today there are familiar examples of such use which formerly would not have been so considered. As governmental activities increase with the growing complexity and integration of society, the concept of 'public use' naturally expands in proportion."

Opposed to that is the reasoning which would define "public use" as a use by the public. First, for such is the more commonly understood meaning. Second, for such definition accords with the concept in the minds of the drafters of the several Constitutions. Third, for such a sharp delineation would channelize and free of doubt the proper scope of the constitutional limitation and would render the phrase capable of definite and practical, as opposed to nebulous, application. Lewis, Eminent Domain (3rd Ed., 1909) § 258.

CONDEMNATION BY HOUSING AUTHORITIES

OUR dinner companion was not more than ten years wrong in his concept of a public use. Indeed, there are several recent cases which support his view that a slum-clearance and low-rental housing project is not a public use and therefore cannot enjoy the right of condemnation. Such was the view inferred in *Re Opinion of the Justices*, 211 Mass. 624, 98 N.E. 611, 42 L.R.A. (N.S.) 21 (1912). It is the view of the majority of the Federal courts. *United States* v. *Certain Lands in City of Detroit*, 12 F. Supp. 345 (D.C. Mich., 1935); *United States* v. *Certain Lands in City of Louisville*, 9 F. Supp. 137 (D.C. Ky., 1935), affirmed on appeal, 78 F. 2d 684 (C.C.A. 6th, 1935), certiorari granted, 296 U.S. 567 (1935), dismissed on motion of Solicitor General Reed, for the United States, 297 U. S. 726 (1936). However, upon the authority of *Oklahoma City* v. *Sanders*, 94 F. 2d 323 (C.C.A. 10th, 1938), the opposite view would in that circuit apparently be taken. Such involved a suit by the contractor upon a Federal slum-clearance and low-cost housing project to enjoin the city of Oklahoma City from the perturbation caused by his daily arrest for violation of the city's building ordinances. The injunction was granted, and the city held to be without jurisdiction to enforce its ordinances upon a project sponsored by the Federal government for a public use.

But the decisions of the state courts which have concerned themselves with the several housing authorities sponsored by the Federal Emergency Administration of Public Works (40 U.S.C.A. §§ 421-425) or by the United States Housing Act of 1937 are aligned against the Institute member. The proper exercise of the power of eminent domain by such authorities has been upheld or inferred by North Carolina (*Wells* v. *Housing Authority of City of Wilmington*, —— N.C. ——, 197 S.E. 693 [1938]); Pennsylvania (*Dornan* v. *Philadelphia Housing Authority, supra*); New York (*New York City Housing Authority* v. *Muller*, 270 N.Y. 333, 1 N.E. 2d 153, 105 A. L. R. 905 [1936], wherein was said, p. 155: "Use of a proposed structure, facility, or service by everybody and anybody is one of the abandoned universal tests of a public use."); Alabama (*In re Opinion of the Justices*, —— Ala. ——, 179 So. 535 [1938], granting exemption to the housing authority from *ad valorem* taxation); Kentucky (*Spahn* v. *Stewart*, 268 Ky. 97, 103 S.W. 2d 651 [1937]); Louisiana (*State* v. *Housing Authority of New Orleans*, —— La. ——, 182 So. 725 [1938]); and Florida (*Marvin* v. *Housing Authority of Jacksonville*, —— Fla. ——, 183 So. —— [1938]).

HOUSING AUTHORITIES—POTPOURRI PRIME

IT IS interesting to note one feature of the slum-clearance and low-rent housing projects. When money was first made available to our "blighted" cities by the Federal Emergency Administration of Public Works, it was provided by statute that certain sums be paid by the United States, in its capacity of owner of a slum-clearance project, in lieu of taxes. Such sums were to be based upon the cost of the public or municipal services to be supplied for the benefit of the project or the persons residing therein, taking into consideration, however, the benefits to be derived by the local government. 40 U.S.C.A. § 422. What an anachronism in these our enlightened times that we must resort to the outmoded crudities of the *quid pro quo* in matters of taxation! The explanation may well be that when the government is the taxpayer, the criterion of ability to pay rather than payment for benefits received is sloughed off as unbecoming. We can happily say, however, that with the enactment of the United States Housing Act of 1937, such crudities are abandoned. This time, the projects are to be tax exempt. That is, annual contributions by the United States to assist in maintaining the low-rent characteristic of the projects are to be made only when the local government comes up with 20 per cent of the annual contribution, either in the form of cash, tax remissions, or tax exemptions. § 10 (a). Similarly with capital grants in aid of the original acquisition and development of projects. § 11 (f). Those few of us who know that in the case of

local governments it is easier to give away money not yet collected than dispense the cash jingling in the municipal till will appreciate that the local councils will wisely decide to grant—in the interests of humanity, of course—the deserved tax exemption. That the burden of the benefits of fire, police, and health protection (if not of the local government itself) furnished free of charge to such projects must be borne by those who happily do not come within the definition of the "ill-housed"; that this burden must be spread upon the more fortunate (?) is naturally forgotten in the humane enthusiasm of those who deal with others' money. Possibly the existence of such a burden is one of the identifying factors of a "public use." Certainly, the zeal of our humanity-dispensers would make it one. Illinois, for example, is one—if not the shining example—of the backward states which are so loathe to assume this peculiar characteristic of granting tax exemption for humanity's sake. This laxity has been publicly spread in newspapers and periodicals. As has been said by Leon H. Keyserling, General Counsel, U.S.H.A.:

> "The most serious defect which appears in several of the acts [Editors' Note: State legislation designed to comply with the U.S.H.A.], however, is the absence of tax-exemption provisions. Under any theory of providing low-rent housing, tax-exemption would have been necessary in order to bring rents down. This becomes even more important in the case of legislation intended to dovetail into the program of the U.S.H.A. This arises from the fact that under our Act it is necessary that local public bodies contribute at least twenty per cent. of the annual contributions to be made by the U.S.H.A. In cases where tax-exemption is granted, this local contribution is usually automatically met. In view of the fact that there are very few, if any, practical ways of meeting this requirement other than by tax-exemption, it is a regrettable but nevertheless accurate statement that in those states where tax-exemption of housing projects does not exist, notably in Illinois, it will not be possible for the U.S.H.A. to make financial assistance available." Housing Legal Digest, No. 47, page 29.

Apropos of the subject, all but fifteen states now have housing legislation.

HOUSING AUTHORITIES—POTPOURRI SECUNDUS

FROM out the energetic drive of one of our more willing state legislatures to ameliorate poor housing conditions have arisen two interesting cases of constitutional law. New York has promulgated its "Multiple Dwelling Law" which provides that buildings erected prior to 1901 (known as "old-law tenements"), and used as multiple dwellings, though erected in conformity with the then contemporaneous building requirements, must now comply with new requirements of higher standard. In one case (*Adamec* v. *Post*, 273 N.Y. 250, 7 N.E. 2d 120 [1937]), the imposition of these requirements on the plaintiff's building would be most severe from a financial standpoint. His property was a four-story brick building containing eight five-room apartments, together with two two-room apartments in the basement, assessed at $13,500 (land, $5,000; building, $8,500). The required repairs would cost $5,000. The plaintiff charged that this was unconstitutional in that he was being deprived by means of this law of his property without due process. He sought an injunction against its application, which relief was denied. The Court held that the law was within the proper scope of the police power of the State, and that plaintiff's damage was *damnum absque injuria*. As was discernedly forecast in the opinion:

> "Then, too, costly alterations may be economically impractical for old buildings, perhaps deteriorated by years of use, perhaps obsolescent, perhaps in neighborhoods no longer suitable for dwellings. In such case a requirement of such alterations may result in discontinuance of the use of such buildings with consequent loss of revenue to the owner of the building, and perhaps hardship to the tenants who must move out and find better quarters, where, in return for better dwellings, they may be compelled to pay higher rents." (Page 122)

As the Court foresaw, and as the legislature in its zeal for instant social reform had overlooked, the effect of the Multiple Dwelling Law was to cause the eviction of many tenants and the enforced vacancy of many tenements whose owners were either unwilling or unable to comply with the new standards. The situation is graphically described in *Central Savings Bank* v. *City of New York*, 5 N.Y.S. 2d 451 (New York Supreme Court, Appellate Division, 1938):

> "On December 15, 1936, the Mayor of the City of New York held a public meeting for the purpose of determining ways and means of helping an incipient housing crisis affecting the owners and tenants in old-law tenements. It appeared that many owners, forced to comply with the rent requirements of the Multiple Dwelling Law, decided to vacate their buildings instead. Tenants in the so-called low income class found difficulty in locating other buildings." (Page 454)

But the astute legislators of modern times have surmounted bigger obstacles than this, particularly since the frowning barrier of property rights has been consistently hewn down. The solution to this particular problem was found to be an amendment to the Multiple Dwelling Law which permitted the city of New York to make repairs upon old-law tenements and assess the cost as a lien prior to existing mortgages and other encumbrances upon the properties involved. When, strangely

enough, several of the affected mortgagees protested that such action constituted an impairment of their mortgage contracts, and brought the matter to the attention of the courts, the amendment was held constitutional. Analogy was made to those instances where mortgaged tenements were by legislative action condemned as unsafe and compelled to be vacated. Then too, it was remarked that the improvements bettered the security. We grant that this may be true as to the physical value of the building, but we doubt that the economic value was changed one iota. And unless the economic value of the property is raised, unless its ability to pay is heightened (and do you imagine greater rentals could thereafter be obtained?), the mortgage lien would certainly be impaired.

ZONING—LONG-RANGE PLANNING

AN INTERESTING question was presented by the recent case of *Arverne Bay Const. Co.* v. *Thatcher*, —— N.Y. ——, 15 N.E. 2d 587 (1938). The plaintiff there owned property which he wanted to use for garage purposes. Until 1928, when the district was zoned as residential, the property was in an unrestricted area. The evidence adduced at the trial in 1936, when plaintiff challenged the constitutionality of the ordinance in that it deprived him of his property without due process of law, showed that the district was and had been undeveloped; what few improvements did exist were erected prior to 1928 and were used for nonconforming purposes, a carry-over from the days when the district was used for farming. The expert witness for the city admitted that residential improvement, even at the time of the trial, would be premature and that at no time since the zoning restriction was placed on the district could the property have been profitably employed for residential purposes. During the years from 1928 to 1936 the property was assessed at $18,000, and taxes amounting to $4,566 were levied on it, in addition to assessments of several thousand dollars. The Court, upon the consideration of these facts, held that the use restriction in this instance was equivalent to a taking of the land prohibited by the Federal and State constitutions. It approached the problem from the following point of view:

> "The development of a district for residential purposes might best serve the interests of the city as a whole and, in the end, might perhaps prove the most profitable use of the property within such district. A majority of the property owners might conceivably be content to bear the burden of taxes and other carrying charges upon unimproved land in order to reap profit in the future from the development of the land for residential purposes. They could not safely do so without reasonable assurance that the district will remain adapted for residence use and will not be spoilt for such purpose by the intrusion of structures used for less desirable purposes." (Page 590)

But notwithstanding the reasoning which would tend to sustain the validity of "long-range" zoning, the Court felt that the circumstances of the instant case tipped the balance between individual deprivation and social benefit in favor of the former. Every such question as that presented by this case must naturally depend entirely on the factual situation involved.

EXCUSE OF CONTRACTUAL OBLIGATIONS BY FRUSTRATION

CONTRACTUAL obligations may be excused whenever, without the fault of the person obligated, the *raison d'être* of the contract has been frustrated. As stated in the "Restatement of the Law of Contracts," § 288: "Where the assumed possibility of a desired object or effect to be attained by either party to a contract forms the basis on which both parties enter into it, and this object or effect is or surely will be frustrated, a promissor who is without fault in causing the frustration, and who is harmed thereby, is discharged from the duty of performing his promise unless a contrary intention appears."

This principle was sought to be applied in the case of *Megan* v. *Updike Grain Corporation*, 94 F. 2d 551 (C.C.A. 8th, 1938). There the defendant, sued for rentals due upon the lease of a grain elevator, pleaded in confession and avoidance that its lease was voided by frustration arising from the change in freight rates unfavorable to the Omaha grain market wherein the elevator was located. The result of the change in freight rates was to render the operation of grain elevators in the Omaha market unprofitable. The Court decided that this was not a case of frustration or impossibility in the legal sense:

> "The immediate object of the contract, the use of the elevator, has not been frustrated. The elevator has not been destroyed; it still stands. The railroads which haul grain to and from it are still in operation. The Omaha grain market still functions, and the elevator business and the handling of grain and grain products continues since July 1, 1935, as before. The frustration complained of relates to a more remote objective—the making of a profit out of the use of the leased premises." (Page 553)

Enrolments in the Institute's Courses

THE following presents a complete record of all enrolments (without reference to completion with "passing" grades) in the Case-Study, Lecture, and Extension Courses offered by the American Institute of Real Estate Appraisers in the calendar years 1935, 1936, 1937, and to October first of 1938.

"I" indicates Case-Study Course, Real Estate Appraisal I.
"II" indicates Case-Study Course, Real Estate Appraisal II.
"III" indicates Case-Study Course, Real Estate Appraisal III.
"C." indicates Lecture Course in Condemnation Appraising and Court Testimony.
"Ex." indicates Extension Course, Real Estate Appraisal I.

ALABAMA

Name	Address	Class and Year	Position and Firm Name
Birmingham			
Wade B. Barnes	1918 Comer Bldg.	I, 1937	Fieldman, Inspector and Appraiser, Mortgage and Real Estate Department, The Equitable Life Assurance Society of the United States
William Hellier	1406 Sutherland Pl.	I, 1938	Fieldman, The Equitable Life Assurance Society of the United States
Leo Mendel	1909 First Ave., N.	I, 1937; II, 1938	Sales Manager, Engel Realty Company
Fred Renneker, Jr.	1918 Comer Bldg.	I, 1938	Maintenance Fieldman, The Equitable Life Assurance Society of the United States
James F. Sulzby, Jr.	4212 Overlook Rd.	II, 1937	Trust Department, Real Estate Division, First National Bank
E. W. Thompson	7 N. 21st St.	I, 1937	Independent Operator, E. W. Thompson

ARKANSAS

Little Rock			
Lawrence Witherspoon, M.A.I.	334 Midland Ave.	III, 1936	Own business, General Real Estate, Property Management, General Contracting, and Appraisals

CALIFORNIA

Los Angeles			
P. D. Baehr	625 S. Spring St.	I and II, 1937	Appraiser, California Bank
E. R. Holabird	625 S. Spring St.	I and II, 1935	Appraiser, California Bank
Harry G. Holabird	433 S. Spring St.	II, 1935	Owner, Harry G. Holabird Company
Raymond A. Hopkins	840 S. La Brea Ave.	I and II, 1935	Per diem Valuator, Federal Housing Administration
W. L. Poynter, M.A.I.	R. A. Rowan Bldg., Fifth & Spring Sts.	III, 1936	Assistant Divisional Appraiser, H.O.L.C.
S. R. Raymond	324 N. Larchmont Blvd.	I and II, 1936; C., 1938	Assistant, Wm. Raymond
Oakland			
F. D. Courneen, M.A.I.	Financial Center Bldg.	II and III, 1936	Vice President and General Manager, Alameda Investment Company and City Mortgage Company
Sacramento			
Mark Cheesman, M.A.I.	2964 Govan Way	I, 1935	Appraiser, McClatchy Realty Company
A. J. Delano, M.A.I.	809 J St.	II, 1936; C., 1938	Loan Department, McClatchy Realty Company
Thomas G. Mapel, M.A.I.	1010 Eighth St.	II, 1936	Manager, Real Estate Department, Elliott & Huston, Inc.
San Diego			
Victor R. Lundy, M.A.I.	923 Seventh Ave.	II, 1938	Individual Broker and Appraiser, Victor R. Lundy
San Francisco			
Hubert D. Eller	315 Montgomery St.	II, 1937	Appraiser, The Equitable Life Assurance Society of the United States
Clayton B. Turner, M.A.I.	315 Montgomery St.	I and II, 1936	Loan Supervisor, The Equitable Life Assurance Society of the United States

COLORADO

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
La Junta			
Ralph E. Austin	108 W. Second St.	I, 1935	Owner, Ralph E. Austin Realty Company

CONNECTICUT

Forestville			
Thomas N. Ryan, M.A.I.	177 Washington St.	III, 1936	Owner, Thomas N. Ryan, Realtor
Greenwich			
William MacRossie, M.A.I.	90 W. Putnam Ave.	I and II, 1937 ; C., 1938	Vice President, Ladd & Nichols, Inc.
Hartford			
John A. Caulkins, M.A.I.	327 Trumbull St.	I and II, 1937 ; C., 1938	J. A. Caulkins, Realtor
Richard F. Corkey	State Capitol	C., 1938	Assistant Attorney General, State of Connecticut
Robert J. Gaghan	31 Pratt St.	II, 1938	Assistant Secretary, Society for Savings
Harrison W. Hill	State Office Bldg., Rm. 500	C., 1938	Assistant Engineer, Highway Department, State of Connecticut
Richard F. Jones, Jr.	49 Pearl St.	II, 1938	Richard F. Jones, Jr., Realtor
Aubrey Maddock, M.A.I.	50 State St.	II, 1935 ; C., 1938	President and General Manager, Aubrey Maddock, Inc.
Edward J. Murray	410 Asylum St., Rm. 214	I, 1937	Superintendent of Management, Appraisals, and General Real Estate, Crowley & Company
C. L. Prickett	151 Farmington Ave.	I, 1937 ; II, 1938	Mortgage and Real Estate Department, Aetna Life Insurance Company
Milford			
Alvin C. Smith	63 Broad St.	I and II, 1938	Partner, George J. Smith & Son
New Haven			
Amos G. Hewitt	205 Church St.	II, 1937	Amos G. Hewitt, Realtor
George B. Horan, M.A.I.	151 Court St.	III, 1936 ; C., 1938	Owner, The George B. Horan Company
Adrian F. McDonald	151 Court St.	I, 1938	Appraiser, The George B. Horan Company
Edgar C. Romberg	151 Court St.	II, 1937 ; C., 1938	Cost Estimator and Appraiser, The George B. Horan Company
Rockville			
Frederick E. Hallcher	25 Park St.	I, 1937	Assistant Treasurer, The Savings Bank of Rockville
Edward L. Newmarker	29 Davis Ave.	I, 1937	Assistant Treasurer, Peerless Weaving Company, Inc.
Stamford			
Donald H. Cram	714 Gurley Bldg.	I, 1937	Mortgage Loan and Real Estate Inspector, The Equitable Life Assurance Society of the United States
Richard W. Fitch, Jr.	292 Main St.	I and II, 1937	Associate, Richard W. Fitch
Paul J. Petitmermet	714 Gurley Bldg.	I, 1937	Fieldman and Cashier, Mortgage Loan and Real Estate Department, The Equitable Life Assurance Society of the United States

DELAWARE

Wilmington			
James B. Shelnutt, Jr.	1058 duPont Bldg.	I, 1938	Partner, Marvel and Shelnutt

WASHINGTON, D. C.

Fred L. Chapman, M.A.I.	Care of F. H. A.	II, 1935	Assistant Deputy Administrator, Federal Housing Administration
Joseph G. Herbert	515 E. Capitol St.	I and II, 1937	Salesman, Joseph A. Herbert & Sons
Joseph A. Madey	3002 32nd St., N.W.	I, II, and III, 1936	Valuation Engineer, Rental Housing Division, Federal Housing Administration
Robert Peddicord	733 Southern Bldg.	I, 1938 ; II, 1937	Owner, Robert Peddicord
Maurice Stearman	907 15th St., N.W., Rm. 402	I and II, 1937	Salesman, Brown Bros. Corporation
Jesse Lee Winebrinier, M.A.I.	F.H.A. Bldg., Rm. 622	I, 1935	Chief Valuator for State of Tennessee, Federal Housing Administration

FLORIDA

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
Fort Myers			
Harry J. Wood, M.A.I.	1112 First St.	II and III, 1936	President, Harry J. Wood, Inc.
Miami Beach			
Birchall Freeman	1319 Meridian Ave.	I and II, 1937	Salesman, Ben H. Taylor, Inc.
E. D. Keefer	1035 Collins Ave.	I, II, and III, 1936	E. D. Keefer, Realtor
New Port Richey			
Reginald Sims	New Port Richey	I and II, 1937	Vice President, Port Richey Company
St. Petersburg			
James D. Bourne	7 Fourth St., N.	I and II, 1935	Owner, Bourne and Company
A. B. Fogarty	740 Seventh Ave., S.	I, 1938	Manager, Fogarty Bros.
John B. Green, M.A.I.	11 Fourth St., N.	II, 1935; III, 1936	President, John B. Green, Inc.
Sarasota			
Ben J. Drymon	1 Old Post Office Arcade	I and II, 1937	Secretary-Treasurer, Norman-Drymon, Inc.
Venice			
Allen E. Bartlett	Hotel Venice-Myakka	I and II, 1937	Vice President, J. E. Bartlett & Sons
West Palm Beach			
Ethel C. Adams	708 S. Olive Ave.	I and II, 1937	Saleswoman, Yates Realty Service
Harold D. Van Vranken	424 Iris St.	I, II, and C., 1938	Associate, King & Fischer, Inc.

GEORGIA

Atlanta			
Lawrence J. McEvoy	Rhodes-Haverty Bldg.	II, 1937	Supervisor, Mortgage Loans and Real Estate, The Equitable Life Assurance Society of the United States
Savannah			
William Francis Lynes, Jr.	Liberty Nat. Bk. Bldg.	I, 1938	Owner, Lynes Realty Company

ILLINOIS

Chicago			
E. Rex Adcock	208 S. LaSalle St., Rm. 1208	Ex. I, 1938	Stock Transfer and Disbursing Agent, John E. Colnon & Company, Inc.
Graham Aldis, M.A.I.	53 W. Jackson Blvd.	C., 1938	Partner, Aldis & Company
A. L. Anderson	7 S. Dearborn St.	Ex. I, 1938	Department of Realty Management, Purchasing, and Maintenance, C. Wallace Johnson, Inc.
Morris B. Ashton, M.A.I.	135 S. La Salle St.	II, 1937; C., 1938	Associated with George W. Springer (Mortgage Loan Correspondent of the Provident Mutual Life Insurance Company)
James R. Barrons	10 S. La Salle St.	II, 1938	Appraiser and Loan Inspector, The Equitable Life Assurance Society of the United States
William Barts	10751 S. Church St.	Ex. I, 1938; II, 1938	Manager, Mortgage Loan Department, Mutual Trust Life Insurance Company
Clarence W. Beatty, Jr.	5633 N. Kenmore Ave.	C., 1938	Special Assistant to United States Attorney, Department of Justice
R. J. Beatty, Jr.	1 N. La Salle St.	I, 1936	Vice President, The Beatty Company
George Becker, M.A.I.	11 S. La Salle St.	I and II, 1935	Appraiser, Salk, Ward & Salk, Inc.
William Stewart Becker	3047 N. Damen Ave.	I and II, 1935	Real Estate Management and Brokerage, Joseph J. Magrady Real Estate Company
Verne A. Bishop	7438 Phillips Ave.	I and II, 1935	Personalty Appraiser, Cook County Assessor's Office
G. W. Brandt	10 S. La Salle St.	Ex. I, 1938	Mortgage Loan Inspector, The Equitable Life Assurance Society of the United States
George E. Bryar	7853 S. Stony Island Ave.	I and II, 1935	Bryar & Blish
James A. Calek	9136 S. Winchester Ave.	Ex. I, 1938	Owner, James A. Calek, Real Estate Loans and Insurance
Mary E. Canty	664 N. Michigan Ave.	Ex. I, 1938	Residential Broker, Hogan & Farwell, Inc.
Reuben G. Carlson	1509 Bryn Mawr Ave.	II, 1936; C., 1938	Realtor and Appraiser
Eugene Cary	7 S. Dearborn St.	Ex. I, 1938	Property Manager, New York Life Insurance Company
Trace Christenson, Jr.	664 N. Michigan Ave.	I and II, 1935; III, 1936	Assistant to Vice President, Hogan & Farwell, Inc.
Frank Dallas Corwin	2165 Daily News Bldg.	I, 1935; II, 1938	Allied Building Credits, Inc.
George B. Craig	10101 S. Hoyne Ave.	Ex. I, 1938; II, 1938	Real Estate Broker, Barrett Brothers Realty, Inc.

ILLINOIS—Continued

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
Lawrence J. Davidson	111 W. Washington St.	Ex. I, 1938	Vice President, F. L. Winston & Company, Inc.
Grant D. Dazey	4719 S. State St.	II, 1935	President, Dazey Realty Company
Walter H. Dehning	665 W. 63rd St.	I and II, 1935	President, C. H. Dehning Company
Keston John Deimling	231 S. La Salle St.	I and II, 1935	Appraiser, Investors Syndicate
Raymond Donnersberger	407 S. Dearborn St.	Ex. I, 1938	Building Manager, Hall & Ellis
William H. Doughty	53 W. Jackson Blvd.	II and III, 1936	Partner, Aldis & Company
Arthur W. Draper, Jr.	16 N. Dearborn St.	Ex. I, 1938; C., 1938	Broker, Draper & Kramer, Inc.
Abe Drucker	Cook County Treasurer's Office	II, 1938	Attorney and Assistant to Cook County Treasurer
William Ehmann	140 S. Dearborn St.	I and II, 1935	Partner, Johnck & Ehmann, Architects
H. C. Eigelberner	110 S. Dearborn St.	I, 1935	Secretary, Dovenmuehle, Inc.
Richard Norris Eiger	140 N. Dearborn St.	Ex. I, 1938	Partner, Eiger Realty Company
John F. Fitzpatrick	155 N. Clark St.	I and II, 1935	Associate, Thomas & Fitzpatrick
Walter F. Fleming	201 N. Wells St.	Ex. I, 1938	Owner, Walter F. Fleming
William T. Fleming	6322 S. Western Ave.	II, 1935	Real Estate Broker and Appraiser, William T. Fleming Company
Alexander Flicht	2707 N. Sawyer Ave.	Ex. I, 1938	Manager, Michael Flicht & Company
Fred F. Gardner, M.A.I.	134 S. La Salle St.	I and II, 1935; C., 1938	Secretary, The Bills Corporation
Raymond H. Geer	105 W. Adams St., Rm. 1130	Ex. I, 1938	Mortgage Loan Inspector, The Prudential Insurance Company of America
Lloyd O. Gilbert	3304 Lincoln Ave.	Ex. I, 1938	Lloyd O. Gilbert, Realtor
William G. Gilson	1705 N. Lotus Ave.	I and II, 1938	Sales Service, C. H. Adams & Company
Stanley L. Goodfriend	910 E. 55th St.	I and II, 1938	Management and Sales, Goodfriend Realty Company
Eugene F. Gorski	805 N. Clark St.	II, 1938	Appraiser, Hammann Mortgage Company
Leo E. Gossett	29 S. La Salle St., Rm. 508	Ex. I, 1938; II, 1938	Vice President, George W. Fawell, Inc.
Perry E. Gregory	6647 S. Western Ave.	I, 1938	Sales Manager, Braud Motor Sales
Earl George Gubbins	6447 N. Francisco Ave.	I and II, 1935	Realtor
John H. Hagerty	820 Tower Ct.	Ex. I, 1938	Realtor
William B. F. Hall	720 N. Wabash Ave.	I and II, 1935; III, 1936	Divisional Manager, Mortgage Loan Department, Lincoln National Life Insurance Company
Walter A. Halvorsen	3145 W. 63rd St.	I and II, 1935	Sales Manager and Closing Attorney, F. H. Halvorsen Company
Albert F. Hammann, Jr.	805 N. Clark St.	Ex. I, 1938	Mortgage Solicitor, Hammann Mortgage Company; Appraiser, Hammann Appraisal Organization
Franklin Hardinge, Jr.	333 N. Michigan Ave.	I, 1936	Secretary, Society of Residential Appraisers
John P. Harrington	4910 W. Madison St.	I and II, 1935; III, 1936; C., 1938	Owner, John P. Harrington
Robert M. Hepner	105 S. La Salle St.	Ex. I, 1938	Copartner, H. F. Philipsborn & Company
LeRoy E. Hirsch	77 W. Washington St.	Ex. I, 1938; II, 1938	President, LeRoy E. Hirsch & Company, Inc.
Morris Henry Hirsh	105 S. La Salle St.	I, II, and III, 1936	Mortgage Broker, H. F. Philipsborn & Company
Victor H. E. Hokanson	168 N. Michigan Ave.	Ex. I, 1938	Property Manager, Federal Life Insurance Company
Francis A. Horrigan	160 N. La Salle St.	Ex. I, 1938	Francis A. Horrigan, Realtor
Roger F. Howe	100 N. La Salle St., Rm. 900	I and II, 1935; III, 1936	Salesman, Grover C. Elmore Real Estate Development Company
John C. Hoyne	4628 S. Talman Ave.	Ex. I, 1938; II, 1938	Owner, Hoyne Appraisal Service
Otis L. Hubbard	664 N. Michigan Ave.	I and II, 1935	Management, Sales, and Leasing, Hogan & Farwell, Inc.
T. C. Hull	231 S. La Salle St.	Ex. I, 1938	Sales Manager, Real Estate Department, Continental Illinois National Bank & Trust Company
C. K. Hunter	664 N. Michigan Ave.	Ex. I, 1938	Vice President, Hogan & Farwell, Inc.
Charles C. Huston	110 S. Dearborn St.	Ex. I, 1938	Ward T. Huston & Company, Real Estate
John F. Jones	134 N. La Salle St.	C., 1938	Partner, Jones & Kerfoot
George S. Kelly	105 W. Madison St.	II, 1935	Treasurer, Sharon Mortgage Company
LeRoy J. Kenevel	33 W. Washington St.	Ex. I, 1938	Vice President, Frederick H. Bartlett & Company
C. H. Kordowski	2863 Fullerton Ave.	C., 1938	C. H. Kordowski, Lawyer
J. W. Kroehnke	110 S. Dearborn St.	II, 1935	Vice President, Dovenmuehle, Inc.
Joseph G. Kuehnle	140 S. Dearborn St.	III, 1936	Appraiser, Walter R. Kuehnle, M.A.I., Real Estate Appraisals
Howard Milton Landau	105 W. Adams St.	II, 1935	Partner, Landau & Perlman

ILLINOIS—Continued

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
William Lauerman	10330 S. Hoyne Ave.	I and II, 1935	William Lauerman, Realtor
J. Alton Lauren, M.A.I.	22 W. Monroe St.	C., 1938	President, J. Alton Lauren & Company
Arthur R. Lemke	E. 14th St. & Outer Dr.	Ex. I, 1938	Senior Electrician and Mechanical Draftsman, Chicago Park District
Roy H. Liddicott	4719 S. State St.	I, 1935	Renting Manager, G. D. Dazey & Company
Paul C. Loeber, Jr.	111 W. Washington St.	Ex. I, 1938	Salesman, Paul C. Loeber & Company
Edward C. Look	737 W. Madison St.	I and II, 1935	Edward C. Look, Realtor
Floyd L. Madden	7853 S. Stony Island Ave.	I and II, 1936	Property Manager and Salesman, Bryar & Blish
John R. Magill	7 S. Dearborn St.	Ex. I, 1938	President, John R. Magill & Company
Clement M. Majka	4316 W. 26th St.	Ex. I, 1938	Salesman and Clerk, F. L. Majka & Company
George Malcheff	7726 Bennett Ave.	I, 1938	Real Estate Operator, George Malcheff
Marian C. Markham	664 N. Michigan Ave.	I and II, 1935	Manager, Special Brokerage Department, Hogan & Farwell, Inc.
Edmund A. Martin	1137 W. 79th St.	I and II, 1935	Edmund A. Martin, Realtor
William H. McClellan, Jr.	29 E. 31st St.	Ex. I, 1938	W. H. McClellan Sons
W. C. McLennan, M.A.I.	6675 N. Northwest Highway	II, 1935	Senior Architectural Inspector, Federal Housing Administration
Buel McNeil	140 S. Dearborn St.	Ex. I, 1938	Engineer and Renting Manager, Farr & Company
Elmer C. Miessler	9307 S. Ashland Ave.	Ex. I, 1938	Real Estate Broker, Thompson & Miessler
Harry A. Millman	16 N. Dearborn St.	Ex. I, 1938	Sales Manager, Draper & Kramer, Inc.
Ray C. Milton	105 W. Adams St., Rm. 1130	Ex. I, 1938	Real Estate Appraiser, The Prudential Insurance Company of America
Victor A. Mingers	664 N. Michigan Ave.	Ex. I, 1938	Sales Manager, Hogan & Farwell, Inc.
Roger P. Minwegen	1554 W. Devon Ave.	II, 1936	Owner, Roger P. Minwegen Company
Donald F. Moore	7748 S. Ashland Ave.	Ex. I, 1938; II, 1938	Real Estate Broker, Donald F. Moore, Realtor
Belden Morgan	8032 S. Cottage Grove Ave.	I and II, 1935	Vice President, William E. Mosby & Company
Walter A. Mueller	1355 Norwood St.	Ex. I, 1938; II, 1938	Appraiser, Irvin Jacobs & Company
Richard Lawrence Nelson	38 S. Dearborn St.	I and II, 1935	Property Manager, Downs, Mohl & Company
Newton S. Noble, Jr.	105 S. La Salle St.	Ex. I, 1938; II, 1938	Vice President, Lake Michigan Mortgage Company
Paul Lawrence O'Toole	9147 S. Ashland Ave.	I and II, 1935	Manager, Bartholomew O'Toole
Arthur J. Paterson	7844 S. Halsted St.	Ex. I, 1938; II, 1938	Appraiser, Mutual National Bank of Chicago
Gebhardt W. Petersen	7 S. Dearborn St.	Ex. I, 1938	Assistant Manager, Paul Steinbrecher & Company
Charles M. Rademacher	6203 S. Kimbark Ave.	II, 1935	Sales Manager, The Hubbell Company
John C. Redmond	53 W. Jackson Blvd.	II, 1938	Building Manager, Aldis & Company
George C. Riemenschneider	7844 S. Halsted St.	Ex. I, 1938	Loan Solicitor, Mutual Securities Company
Leonard James Robinson, M.A.I.	7159 N. Caldwell Ave.	I and II, 1935	Vice President, Wittbold Realty Company
J. B. Samuels	2700 W. Roosevelt Rd.	Ex. I, 1938	Credit Manager, Douglas Lumber Company
Irvin R. Schildein	1 N. La Salle St.	Ex. I, 1938	Secretary, Quinlan & Tyson, Inc.
L. R. Schlichter	168 N. Michigan Ave.	Ex. I, 1938	Property Manager, Federal Life Insurance Company
Frank V. Schorsch	6059 Irving Park Blvd.	I, 1935	Superintendent of Construction, Albert J. Schorsch & Company, Real Estate
Theodore J. Schorsch	6059 Irving Park Blvd.	I, 1935	Office Manager, Albert J. Schorsch & Company, Real Estate
Jack Schuman	231 S. La Salle St.	I, 1938	Mortgage & Sales Departments, Ralph W. Applegate & Company
Fletcher Seymour	105 S. La Salle St.	Ex. I, 1938	Supervisor, Management and Brokerage, Lake Michigan Mortgage Company
Edward N. Simon	5708 N. Ashland Ave.	I and II, 1935	Partner, Cullen-Simon Company, Engineering & Construction
Russell C. Smith	111 W. Washington St.	Ex. I, 1938; II, 1935	Associated Broker, Paul C. Loeber & Company
Emory D. Stoker	20 N. Wacker Dr.	I, 1936	Owner, Emory D. Stoker, Real Estate and Insurance
S. O. Stone	4503 Milwaukee Ave.	I and II, 1935	President, S. O. Stone & Company
Robert H. Strawbridge	10 S. La Salle St.	Ex. I, 1938	Loan Inspector, The Equitable Life Assurance Society of the United States

ILLINOIS—Continued

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
Albert C. Svoboda	2845 N. Linder Ave.	Ex. I, 1938; II, 1938	Manager, Mortgage Loan Department, The University of Chicago
Beth Thayer	700 W. 69th St.	I and II, 1935	Secretary, Bacon & Thayer
Charles L. Thayer	700 W. 69th St	I and II, 1935	Owner, Bacon & Thayer
Donald C. Thayer	231 S. La Salle St.	II, 1935	Real Estate Appraiser, Continental Illinois National Bank & Trust Company
H. Hoyt Thompson	135 S. La Salle St.	Ex. I, 1938	President, H. Hoyt Thompson & Co.
James Thompson	9307 S. Ashland Ave.	Ex. I, 1938	Partner, Thompson & Miessler
S. Van Berschot	910 S. Michigan Ave.	I, 1936	Assistant Manager, Mortgage Department, Continental Casualty Company
W. Harry Wackenhut	10 S. La Salle St., Rm. 800	I, 1938	Assistant to Loan Supervisor, Penn Mutual Life Insurance Company
Herman O. Walther, M.A.I.	130 S. La Salle St.	C., 1938	Vice President, First Federal Savings & Loan Association
Eric Fred Wiegel	9349 S. Western Ave.	I and II, 1935	Briggs & Wiegel, Inc.
Jack Witkowsky	5000 S. Cornell Ave.	II, 1935	Jack Witkowsky, Real Estate Appraisals
Clifford A. Zoll	122 S. Michigan Ave.	II, 1935	Manager, Real Estate Loan Department, The University of Chicago
Elmhurst			
Adolph Ryba	531 S. York St.	I and II, 1935	Adolph Ryba, Real Estate Broker
Evanston			
William S. Hennessey	569 Howard St.	II, 1935; III, 1936	Secretary-Treasurer, W. S. Hennessey Company
Philip V. Jewell	1571 Sherman Ave.	Ex. I, 1938; II, 1938	Appraiser, Quinlan & Tyson Mortgage Corporation
Richard C. Johnston, Jr.	516 Davis St.	Ex. I, 1938	Treasurer, The Northwestern Company
Glen Ellyn			
Harry J. Beeman	473 Montclair Ave.	II, 1935	Partner, Harold H. Egan & Company, Chicago
Glenview			
J. Ward Martin	R.F.D., No. 1	Ex. I, 1938; II, 1938	President, J. Ward Martin, Inc., Chicago
Hinsdale			
Dana Franklin Wilson	301 S. Park Ave.	Ex. I, 1938	Mortgage Loan Department, The Equitable Life Assurance Society of the United States, Chicago
Maywood			
Edgar M. Elbert	903 S. Fifth Ave.	II, 1935	Edgar M. Elbert, Realtor
Oak Park			
Bruce S. Bell	818 Linden Ave.	Ex. I, 1938	Appraiser, Dovenmuehle, Inc., Chicago
Thomas C. Heth	1043 South Blvd.	I and II, 1936	Sales and Property Management, Cook & Skillin, Inc., Realtors
Ottawa			
Walter J. Sherry	120 Madison St.	Ex. I, 1938	Registered Real Estate Broker; Secretary-Treasurer, Ottawa Federal Savings & Loan Association
Peoria			
J. H. Finnegan, M.A.I.	415 Alliance Life Bldg.	II, 1935	J. H. Finnegan, Real Estate Broker
Walter C. Nelson	1120 Commercial Merchants Bk. Bldg.	I, 1938	Loan Inspector, The Equitable Life Assurance Society of the United States
Quincy			
Fred C. Scharnhorst	300 N. Sixth Ave.	I, 1938	Secretary-Manager, Gem City Building & Loan Association
Riverside			
John V. Harvie	3230 S. Harlem Ave.	Ex. I, 1938	John V. Harvie, Realtor
Rock Island			
Raymond R. Walker	310 Robinson Bldg.	II, 1935	Partner, Walker & Walker
Springfield			
Gail Montgomery Wanless	317 S. Fifth St.	I and II, 1935	Charles S. Wanless and Fred W. Wanless, Realtors
Waukegan			
Harry Hoyt	23 N. Park Ave.	Ex. I, 1938	Junior Member, Whitney & Hoyt
Wheaton			
Herbert W. Bluhm	Wheaton	I and II, 1938	Owner, Herbert W. Bluhm

INDIANA

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
East Chicago			
Leonard C. Smith, M.A.I.	4534 Indianapolis Blvd.	I and II, 1935; C., 1938	President, Smith Brothers Realty Company
Gary			
Roy G. Blankenheim	504 Broadway	I and II, 1935	Investment Broker, Roy G. Blankenheim
Walter F. MacPherson	27 W. Seventh Ave.	Ex. I, 1938	Appraiser, Calumet Securities Corporation
Joe H. Wildermuth	527 Broadway	II, 1935	Wildermuth Company, Inc.
Hammond			
Samuel C. Ennis, M.A.I.	First Tr. Bldg.	II, 1935	President, Ennis & Company
Edward B. Kaelin	5231 Hohman Ave.	I and II, 1935	Owner, Edward B. Kaelin, Realtor
Indianapolis			
Jennings D. Carter	1246 Consolidated Bldg.	I, 1937	Mortgage Loan Inspector, The Equitable Life Assurance Society of the United States
Henry F. Ostrom	625 Peoples Bank Bldg.	I and II, 1935	Ostrom Realty Company
H. A. Teeters	1246 Consolidated Bldg.	II, 1937	Mortgage Loan Supervisor, The Equitable Life Assurance Society of the United States
South Bend			
Robert G. Happ	224 Sherland Bldg.	II, 1937	Vice President, William Happ & Sons, Inc.
Fred W. Keller	129 S. Main St.	I, 1935	President, Whitcomb & Keller
Richard A. Muessel, M.A.I.	205 Income Bldg.	I and II, 1935; III, 1936	Richard A. Muessel, Realtor

IOWA

Des Moines			
H. E. Handford	Sixth & Grand Aves.	I and II, 1935	Supervisor, Investment Service Department, Bankers Life Company
George Haw	Hotel Victoria	I, 1936	Property Review Appraiser, Home Owners' Loan Corporation
Byron E. Linville	Sixth & Grand Aves.	I, 1938	City Loan Division, Investment Department, Bankers Life Company
Arch I. Madden	202 Insurance Exchange Bldg.	I, 1936; II, 1938	Assistant State Manager in charge of Property Management, Home Owners' Loan Corporation
G. M. Matheson	Sixth & Grand Aves.	I and II, 1935	City Loan Division, Bankers Life Company

KANSAS

Salina			
Patrick A. Tobin	112½ E. Iron Ave.	II, 1936	Owner-Operator, P. A. Tobin Agency
Topeka			
Harold Cone, M.A.I.	626 New England Bldg.	I and II, 1935	Owner, Harold Cone Appraisals
David Neiswanger, M.A.I.	115 W. Sixth Ave.	I and II, 1935; C., 1938	President, Neiswanger Investment Company
Wichita			
Francis B. Harvey	801 S. Chautauqua	II, 1935	Associate, The Anderson-Harvey Company

KENTUCKY

Lexington			
A. C. Chinn	148 N. Upper St.	I, 1938	Partner, Chinn & Rankin, Realtors
Louisville			
J. Edward McDonogh	400 S. Fifth St.	II, 1936	Owner, McDonogh & Company
E. A. Richardson, Jr.	Daniel Boone Apts.	I and II, 1936	Secretary-Treasurer, Falls City Realty Company

LOUISIANA

New Orleans			
Andrew S. Montz, Jr.	3111 St. Claude Ave.	I, 1937; II, 1938	Real Estate Appraiser, Central Appraisal Bureau
Warren M. Orr	814 Maritime Bldg.	I, 1938	Real Estate Appraiser, Central Appraisal Bureau

LOUISIANA—Continued

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
Mark C. Smith, Jr.	814 Maritime Bldg.	I, 1937 ; C., 1938	Real Estate Appraiser, Central Appraisal Bureau
George E. Stoltz	814 Maritime Bldg.	I, 1937	Real Estate Appraiser, Central Appraisal Bureau

MARYLAND

Baltimore			
Carl E. Hillegeist	336 N. Charles St.	I, 1937 ; II, 1938	Associate, Charles H. Steffey, Inc.
P. T. Lemmon	915 Fidelity Bldg.	II, 1938	Chief Valuator, Federal Housing Administration
Hunter Moss	1010 N. Charles St.	I and II, 1935	Manager, Mortgage Department, Piper & Hill
Maurice F. Rodgers	4810 Roland Ave.	I, 1938	Salesman, The Roland Park Company

MASSACHUSETTS

Boston			
Henri Bourneuf	50 Congress St.	I, 1937	Real Estate Broker, Walter Channing, Inc.
Fred C. Bowditch, Jr.	40 Broad St.	II, 1937	Appraiser, Reconstruction Finance Corporation
Arnold J. Bowker	40 Water St.	I and II, 1938	Real Estate Department, The National Shawmut Bank of Boston
John Connors	1035 Park Sq. Bldg.	II, 1938	Senior Staff Valuator, Federal Housing Administration
Milton G. Green	1368 Beacon St., Brookline	I, 1938	Manager, Green Bros. Realty Trust
Harold A. Todd	24 Milk St.	I, 1937	Real Estate Department, The New England Trust Company
Cambridge			
John S. Giles	689 Massachusetts Ave.	II, 1937	Owner, George A. Giles & Son
Fall River			
William J. Hickey	43 Purchase St.	II, 1937	Owner, Wm. J. & J. H. Hickey
Everett N. Slade, M.A.I.	57 N. Main St.	II, 1936	Owner, John P. Slade & Son
Quincy			
Joseph C. Leighton	1400 Hancock St.	II, 1938	Real Estate Appraiser and Consultant, Granite Trust Company, et al.
Lloyd C. Trott	19 Billings Rd.	I, 1938	Manager, Real Estate Department, Quincy Branch, Merchants Cooperative Bank
Worcester			
Archie J. Horne	262 Lovell St.	I, 1938	Appraiser, Worcester Cooperative Federal Savings and Loan Association

MICHIGAN

Battle Creek			
George W. Perrett	612 City Nat. Bk. Bldg.	I and II, 1938	Partner, Perrett Realty Service
Detroit			
William C. Haines	Buhl Bldg.	I, 1938	Vice President, Real Estate Department, Equitable Trust Company
Fred W. Harding	1535 Bewick Ave.	II, 1935	Fred W. Harding, Realtor
W. A. Helwig	122 Glynn Ct.	II, 1937	Vice President, H. P. Holmes, Inc.
Ferris A. King	1412 Union Guardian Bldg.	I, 1937	Mortgage Representative, The Equitable Life Assurance Society of the United States
Robert L. McClintock	200 Fidelity Bldg.	I and II, 1938	Inspector, S. C. Hadley, Inc.
Edward Otto Meier	1010 Lafayette Bldg.	II, 1935	Melvin F. Lanphar & Company
Frank H. Rine	2025 Fullerton Ave.	I and II, 1935	Appraiser
John W. Sparks	200 Fidelity Bldg.	II and III, 1936	Manager, Mortgage Department and Assistant Secretary, S. C. Hadley, Inc.
Robert A. Taggert	500 United Artists Bldg.	I and II, 1935	Secretary, Knight-Menard Company
William W. Tanney, M.A.I.	9061 W. Outer Dr.	II, 1935	Special Real Estate Appraiser, First National Bank, Detroit, Receivership
Tom K. Taylor	Michigan & Griswold Sts.	II, 1935 ; III, 1936	Appraiser, Real Estate Division, First National Bank, Detroit, Receivership
Joseph W. Wade	15130 Minock Ave.	I, 1938	Real Estate Sales Department, First National Bank, Detroit, Receivership

MICHIGAN—Continued

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
Highland Park			
Thomas J. McAllen	11823 Second Blvd.	II, 1935	President, Thomas J. McAllen
Kalamazoo			
Arthur H. Miller	346 W. Michigan Ave.	I, 1938	Office Clerk, First Federal Savings & Loan Association of Kalamazoo
Lansing			
Walter W. Neller	532 Mutual Bldg.	I and II, 1935	Owner and Manager, Walter Neller Company

MINNESOTA

Minneapolis			
Russell L. Davidson	115 S. Fourth St.	II, 1935	Appraiser and Manager, Real Estate Department, The Farmers & Mechanics Savings Bank
Clifford Jackson	641 Northwestern Bk. Bldg.	II, 1937	Mortgage Loan and Real Estate Inspector, The Equitable Life Assurance Society of the United States
Donald Noble Newhall	519 Marquette Ave.	I and II, 1935	Appraiser, Thorpe Bros., Inc.
Dayton Nystrom	1036 Baker Bldg.	I, 1936	M. R. Waters & Sons, Inc.
St. Paul			
J. W. Pettersen	506 Pioneer Bldg.	I, 1938	Sole Owner, Wheeler & Pettersen

MISSISSIPPI

Jackson			
Leon T. Rogers	500½ E. Capitol St.	I, 1937	Owner and Manager, Leon T. Rogers

MISSOURI

Jefferson City			
Jack W. Hobbs	Monroe Bldg.	II, 1935	Owner, J. W. Hobbs Realty Company
Kansas City			
W. E. Findelsen	1105 Federal Reserve Bk. Bldg.	II, 1937	Mortgage Loan Inspector, The Equitable Life Assurance Society of the United States
Thomas T. Kenney	717 R.A. Long Bldg.	III, 1936	Valuator, Federal Housing Administration
Herbert B. Patt, M.A.I.	417 R. A. Long Bldg.	II, 1935; III, 1936	Secretary, Patt Mortgage Company
St. Louis			
Arthur Leland Cornell	5330 Pershing Ave.	I, 1935; II, 1936	Supervisor of Appraisals, Shell Petroleum Corporation
J. Gregory Driscoll, M.A.I.	1501 Locust St.	I and II, 1935	Assistant Treasurer, General American Life Insurance Company
Curt C. Mack, M.A.I.	Old Customs House	II, 1935; III, 1936	Zone Manager, Zone IV, Rental Housing Division, Federal Housing Administration
F. James Murphy	1501 Locust St.	II, 1938	Appraiser, General American Life Insurance Company
Francis A. Reardon	111 N. Tenth St.	II, 1937	Treasurer, John J. Reardon, Inc.
Edward M. Thornhill	807 Chestnut St.	II, 1935; C., 1938	Partner, Edward M. Thornhill & Son
Springfield			
Leon A. Hawkins	212 Landers Bldg.	I, 1935	Leon A. Hawkins Company
Webster Groves			
Felix M. Davis, Jr.	717 Lilac Ave.	II, 1937	Loan Supervisor, The Equitable Life Assurance Society of the United States, St. Louis

NEBRASKA

Omaha			
H. H. Auerback	582 Brandeis Theatre Bldg.	II, 1935	Vice President and General Manager, H. A. Wolf Company, Inc.
E. H. Bideau*		I, 1935; II, 1936	Former Regional Appraiser, Home Owners' Loan Corporation
Rudolph Ertsgaard	617 Woodmen of the World Bldg.	I, 1936; II, 1937	Assistant Regional Appraiser, Home Owners' Loan Corporation
Walter T. Greene	5812 Pierce St.	I, 1937; II, 1936	Assistant Regional Appraiser, Home Owners' Loan Corporation

*Deceased

NEW JERSEY

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
Arlington			
E. H. Bixler	100 Midland Ave.	I and II, 1937	Manager and Appraiser, Edward A. Strong
Asbury Park			
W. Harold Warren	226 Main St.	I, 1937	Secretary-Treasurer, Albert Robbins, Inc.
Audubon (Camden County)			
Arthur J. Leupold	Whitehorse Pike & Pine St.	I and II, 1937	Owner, Arthur J. Leupold, Realtor
Camden			
Myron B. Sloane	643 Market St.	I and II, 1936	Manager, Mortgage Loan Department, Philip Zinman and Company
Dover			
Sidney M. Schwarz	28 N. Sussex St.	I and II, 1935, C., 1938	Secretary, Harry L. Schwarz and Company
Elizabeth			
John P. Gloeckner, M.A.I	1143 E. Jersey St.	II, 1937	Supervisor, New York City Mortgage Department, The Equitable Life Assurance Society of the United States
Gerald S. Lackey	1143 E. Jersey St.	I, 1938	Fieldman, New York City Mortgage Department, The Equitable Life Assurance Society of the United States
Bertram N. Miller	215 Broad St.	I and II, 1937	Vice President, B. B. Miller & Company
A. W. Van Horn	215 Broad St.	II, 1937	Manager, Real Estate Department, B. B. Miller Management Company
Essex Fells			
Douglas E. Johnston	Forest Rd.	I, 1938	
Jersey City			
Sidney A. Hass	30 Journal Sq.	I and II, 1937	President, Sidney A. Hass
Linden			
Walter P. Fedor	530 S. Wood Ave.	I and II, 1937	Real Estate Manager and Assistant Appraiser, John Fedor Realty Company, Inc.
Newark			
John J. Berry, M.A.I.	982 Broad St.	II, 1935	President, Berry Bros., Inc.
Charles A. Caruso	City Hall	I and II, 1937	Assistant Tax Assessor, City of Newark
Charles F. Evans, M.A.I.	782 S. 19th St.	II and III, 1936	Appraiser, Board of Assessment and Revision of Taxes, City of Newark
William J. Gregory	1 Mapes Ave.	I and II, 1937	Assistant Tax Assessor, City of Newark
Rudolph Kruger, M.A.I.	11 Hill St.	II, 1937	President, Kruger Agency, Inc.
John A. Linnett, M.A.I.	46 Clinton St.	I and II, 1935	Member of firm, Blau-Linnett Appraisals
Edward J. Maier, M.A.I.	187 Market St.	II, 1935	Owner, Edward J. Maier
Harold J. McCabe	Tax Surveyors Office, City Hall	I and II, 1935	Tax Surveyor and Appraiser, Board of Assessment and Revision of Taxes, City of Newark
Raymond G. Nixon	755 Broad St.	I, 1937	Mortgage Loan Department, Fidelity Union Trust Company
William P. Schorn	39 Schley St.	I and II, 1937	Assistant Assessor, City of Newark
Harry J. Stevens, Jr.	478 Central Ave.	I and II, 1937	Consultant, Harry J. Stevens, Inc.
Peter C. Zazzali	835 Summer Ave.	I and II, 1937	Tax Assessing Clerk, City of Newark
William J. Ziegele	235 S. 18th St.	I, 1937	Valuation Aide, Federal Housing Administration
North Arlington			
John B. O'Hara	124 Ridge Road	II, 1937	Valuator, Federal Housing Administration
Oakland			
Charles Martin Bush	Oakland Ave.	I, 1937	Appraiser, New Jersey Realty Company, Newark
Perth Amboy			
Morris Goldfarb, M.A.I.	265 Madison Ave.	II, 1935	Partner, Jacobson & Goldfarb
S. R. Kelsey	163 Smith St.	II, 1935	Owner, S. R. Kelsey, Realtor
Samuel Swerdel	276 Hobart St.	II, 1937	Salesman, Margaretten & Company, Inc.
Plainfield			
Milton Brown	131 North Ave.	I and II, 1937	Owner, Milton Brown, Realtor
John A. Foulks, Jr.	152 North Ave.	I and II, 1937	Associate Broker and Fieldman, William G. McDowell
Wm. G. McDowell, M.A.I.	152 North Ave.	II, 1935; C., 1938	Owner, William G. McDowell, Realtor

NEW JERSEY—Continued

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
Tenafly			
John A. Grahn, Jr.	127 Columbus Dr.	I and II, 1937	President, John A. Grahn, Inc.
Union			
Frederick A. Osmers	937 Salem Rd.	I, 1937	Property Manager and Junior Appraiser, Max Tieger & Company, Elizabeth

NEW YORK

Albany			
Edward J. O'Connor	Lodge & Howard Sts.	I and II, 1937	Vice President, Wilson Sullivan Company, Inc.
Buffalo			
John E. Genrich	728 Marine Tr. Bldg.	C., 1938	Chief Valuator, Federal Housing Administration
Elsmere			
William H. Davis	3 Herber Ave.	II, 1935	Chief Valuator, Federal Housing Administration, Albany
Metropolitan City of New York			
Borough of Bronx			
Henry Ross Acker	318 E. Kingsbridge Rd.	I and II, 1937	Collector and Salesman, Herman A. Acker Corporation
Frank J. Durkin	215 E. 149th St.	I and II, 1937	Attorney in Charge of New York Foreclosure Matters, Home Owners' Loan Corporation
Sydney Grundstein	2141 Holland Ave.	II, 1935	Assessor, Real Estate Tax Department, City of New York
Borough of Brooklyn			
James P. Clark, M.A.I.	478 Graham Ave.	II, 1935; III, 1936; C., 1938	Owner, J. P. Clark Company
Edwin B. Fisher	160 Remsen St.	II, 1937; C. 1938	Assistant Secretary, James B. Fisher Company, Inc.
Eugene J. Keely	1502 Ave. U	I and II, 1937	President, Eugene J. Keely, Inc.
David T. Kenneth	2644 Atlantic Ave.	I, 1937	Appraiser, East New York Savings Bank
Albert R. Mencone	1176 Bushwick Ave.	I and II, 1937	Owner, Albert R. Mencone, Realtor
Charles H. Puckhaber	130 Clinton St.	II, 1937	Loan Supervisor, The Equitable Life Assurance Society of the United States
Alfred R. Wittich, M.A.I.	99 Pennsylvania Ave.	II, 1937	Chief Appraiser and Architect, East New York Savings Bank
Borough of Manhattan			
Paul J. Barber	120 Riverside Dr., Apt. 3	I and II, 1937	Broker, A. J. Barber & Company, Wilkes-Barre, Pennsylvania
Mortimer Bernstein	60 Wall St.	I and II, 1935	Real Estate Tax Specialist, Rosenson & Lorence, Attorneys
Leonard A. Bisz	22 W. 48th St.	II, 1935	Appraisal Department, DeWitt, Smith & DeWitt, Inc.
Walter R. Bonn	206-212 W. 34th St.	I and II, 1937	Manager, Mortgage Department, North River Savings Bank
L. G. Bryngelsson	17 Lexington Ave.	I, 1937	Instructor in Accountancy, City College of New York
John J. Burton	609 W. 135th St.	I and II, 1937	Secretary, M. C. Burton Realties, Inc.
J. Francis Cahill	235 W. 14th St.	I, 1937; II, 1938	President, J. F. Cahill & Co., Inc.
Lee W. Cole	393 Seventh Ave.	I, 1938	Field Auditor, Mortgage Loan and Real Estate Department, The Equitable Life Assurance Society of the United States
George Lee Forbes	1107 Broadway	II, 1937	Broker and Appraiser, Adams & Company Real Estate, Inc.
Stanley E. Glauber	565 Fifth Ave.	II, 1937	Real Estate Operator, Stanley E. Glauber
Francis X. Hagerty	30 E. 42nd St.	I and II, 1937	Real Estate Broker, Cushman & Wakefield, Inc.
Ernest L. Hall	55 Broad St.	II, 1937	Assistant Manager, Management Division, Manufacturers Trust Company
Frank D. Hall, M.A.I.	393 Seventh Ave.	II, 1935	Chief Appraiser, The Equitable Life Assurance Society of the United States

NEW YORK—Continued

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
Robert A. Huntley	270 Madison Ave.	I, II, and III, 1936	Assistant Appraiser, Cross & Brown Company
R. Q. Jennings	49 Wall St.	II, 1937	Vice President, William B. Nichols
David W. Kempner	295 Madison Ave.	II, 1937	President, Kempner Realty Corporation
William G. Kohler	2095 Broadway	I and II, 1937	Owner, William G. Kohler
William MacRossie, M.A.I.	6 E. 46th St.	I and II, 1937; C., 1938	Vice President, Ladd & Nichols, Inc.
William J. Malone	270 Broadway	I and II, 1937	Assistant Regional Appraiser, Home Owners' Loan Corporation
Frederick E. Marx	2061 Broadway	I and II, 1937	Executive, Ludwig Marx
Arthur J. McDermott	393 Seventh Ave.	II, 1937	Assistant to Regional Loan Supervisor, The Equitable Life Assurance Society of the United States
Fay A. Norton	135 E. 42nd St.	II, 1938; C., 1938	Real Estate Division, The Texas Company (Texaco)
Edmund J. Port	17 E. 42nd St.	I and II, 1937; C., 1938	President, Port & Company, Inc.
Clemens C. F. Riedel	350 Fifth Ave.	I, 1937	Review Appraiser, Home Owners' Loan Corporation
Arthur Martin Stumpf	11 Broadway	II, 1937	Appraiser and Real Estate Broker, H. G. Knox Company
F. Durand Taylor	93 Worth St.	II, 1937	Managing Partner, Charles G. Edwards Company
John C. Tredwell, M.A.I.	393 Seventh Ave.	II, 1935	Real Estate Appraiser, The Equitable Life Assurance Society of the United States
Morton Blaine Walker	270 Madison Ave.	I and II, 1937	Real Estate Broker, Cross & Brown Company
Bernard R. Wilson	285 Madison Ave.	I and II, 1937	Associate, Nathan Wilson
Borough of Queens			
Arthur Byrnes	3533 93rd St., Jackson Heights	II, 1937	Property Manager, Horace S. Ely & Company
Jasper C. Dibble	78 Brooklyn Ave., Valley Stream	I and II, 1937	Dibble Realty Company
Earl Harkness	161-02 Jamaica Ave., Jamaica	II, 1937	Vice President and Comptroller, Jamaica Savings Bank
Frederick W. Lewis	3940 Little Neck Parkway, Little Neck, L. I.	I, 1937	Owner, Frederick W. Lewis
Nassau County, Long Island			
Ralph B. Leinbach	32 Rosbury Rd., Garden City	I, 1936; II, 1937; C., 1938	Real Estate Department, The Greater New York Savings Bank
Westchester County			
Everett T. Houghton	East Boston Post Rd., Mamaroneck	II, 1937	Salesman and Appraiser, Houghton Company
Herbert R. Houghton	East Boston Post Rd., Mamaroneck	I and II, 1937	President, Houghton Company
Henry F. Linsmann	148 Martine Avé., White Plains	II, 1937	Acting Chief Valuator, Federal Housing Administration
Rhesa M. Norris	345 North Ave., New Rochelle	I and II, 1937	Owner, Norris-New Rochelle
F. Richard Wolff	140 Mamaroneck Ave., White Plains	I and II, 1937	President, Wolff & Wolff, Inc.
Rochester			
Warren W. Allen, M.A.I.	183 Main St., E.	II, 1936	Manager, Real Estate Department, Lincoln-Alliance Bank & Trust Company
Linus S. Appleby	183 Main St., E.	II, 1937; II, 1938	Vice President and Manager, Appraisal Department, Alliance Realty Corporation of Rochester
W. Henry Gorsline, Jr.	119 Main St., E.	I, 1937; II, 1938	Property Manager, Wm. H. Gorsline
Lloyd L. Williams	183 Main St., E.	I, 1937; II, 1938	Clerk, Real Estate Department, Lincoln-Alliance Bank & Trust Company
Syracuse			
Lawrence A. Watters	232 W. Brighton Ave.	I and II, 1938	Appraiser, Eagan Real Estate, Inc.

NORTH CAROLINA

Charlotte			
Stewart R. Hardison	1105 Johnston Bldg.	II, 1937	Appraiser and Assistant Supervisor, City Mortgage Department, The Equitable Life Assurance Society of the United States

NORTH DAKOTA

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
Mandan			
I. C. Iverson	104 First Ave., N. W.	I, 1938	Owner and Manager, The Iverson Agency

OHIO

Akron			
Clinton R. Miller	403 Greenwood Ave.	C., 1938	Manager, Real Estate Department, The Herberich-Hall-Harter Company
Landon J. Sigler	191 S. Main St.	Ex. I, 1938	Manager, Commercial Properties Department, The Bankers Guarantee Title & Trust Company
Canton			
A. Ray Walters, M.A.I.	Renkert Bldg.	I and II, 1935	President and Treasurer, Walters' Agency, Inc.
Chardon			
Merle F. Reynolds	R.F.D., No. 2	Ex. I, 1938	Manager, Reynolds Store
Cincinnati			
Henry B. Bunker, M.A.I.	S. E. Cor. Fourth & Vine Sts.	II and III, 1936	Real Estate Officer, The Central Trust Company
John A. Davenport	P.O. Box 859	II, 1937	Senior Engineer, War Department
Harold K. Goldstein	300 St. Paul Bldg.	I and II, 1935	Attorney, Harmon, Colston, Goldsmith and Hoadly
Louis Messer	4067 Rose Hill Ave.	I and II, 1935	Civil Engineer, Frank Messer & Sons, Inc.
Michael J. O'Byrne, M.A.I.	3270 Menlo Ave., Hyde Park	II, 1935	Appraiser, The Central Trust Company
Patterson Pogue	2303 Grandview Ave.	I, 1935	Vice President and Sales Manager, Robert A. Cline, Inc.
Henry A. Potthoff	331 Bryant Ave.	II, 1935	Chief Engineer, Robert A. Cline, Inc.
F. W. Wearin	802 Schmidt Bldg.	I, 1937	City Mortgage Department, The Equitable Life Assurance Society of the United States
Cleveland			
W. G. Albaugh	510 Guardian Bldg.	Ex. I, 1938	Manager, Real Estate Department, A. D. Fraser, Inc.
Stewart Anthony	Euclid Ave. & E. Ninth St.	II, 1936	Assistant Treasurer, The Cleveland Trust Company
Robert F. Berwald, Jr.	1220 Williamson Bldg.	Ex. I, 1938	Broker and Property Manager, Berwald-Stewart Company
Samuel H. Berwald	127 The Arcade	Ex. I, 1938	Sales Manager, Mutual Building & Investment Company
C. Ray Billings	13538 St. Clair Ave.	Ex. I, 1938	Broker, C. Ray Billings, Real Estate
Albert Lee Bingham	1227 Williamson Bldg.	Ex. I, 1938	Vice President, The James G. Bingham Realty Company
George R. Boeckling	1900 Euclid Ave.	Ex. I, 1938	Field Supervisor, Steller-Carpenter-Stofer, Inc.
A. I. Bradley	Nat. City Bk. Bldg.	Ex. I, 1938	Real Estate Broker, Cragin-Morris & Company
Charles O. Bridge	621 Hickox Bldg.	Ex. I, 1938	Real Estate Loan Manager, Cuyahoga Estates Company
Wilson Charles Brumagin	1806 Standard Bldg.	Ex. I, 1938	Property Manager, Lester L. Krause, Inc.
Earl W. Byrne	1079 Williamson Bldg.	Ex. I, 1938	Property Management and Appraisals, Howard S. Bissell, Inc.
Arthur J. Carey	300 Fidelity Bldg.	Ex. I, 1938	The General Title & Trust Company
Leonard R. Carpenter	1900 Euclid Ave.	Ex. I, 1938	Building Management, Steller-Carpenter-Stofer, Inc.
Marvin S. Cook	Standard Bldg.	Ex. I, 1938	Supervisor, Property Management, Home Owners' Loan Corporation
S. H. Cooper	510 Guardian Bldg.	Ex. I, 1938	Mortgage Loan Department, A. D. Fraser, Inc.
Dan C. Crane	Plain Dealer Bldg.	Ex. I, 1938	Manager, Mortgage Loan Department, Land Title Guarantee & Trust Company
Richard C. Crego	2030 Staunton Rd.	Ex. I, 1938	Real Estate Broker, Union Properties, Inc.
Howard V. Criswell	Plain Dealer Bldg.	Ex. I, 1938	Property Inspection and Maintenance, Land Title Guarantee & Trust Company
L. P. Cronk	1591 Riverside	Ex. I, 1938	L. P. Cronk, Contractor
Cleaveland R. Cross	1401 Midland Bldg.	Ex. I, 1938	Partner, Garfield, Cross, Daoust, Baldwin & Vrooman, Attorneys

OHIO—Continued

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
E. G. Davis	15509 Madison Ave.	Ex. I, 1938	Salesman, Maerkle-White-Huxtable-Auble Company
Paul C. Davis	515 Superior Ave.	Ex. I, 1938	Inspector, Land Title Guarantee & Trust Company
William C. Denmead	908 Williamson Bldg.	Ex. I, 1938	Private Secretary to Secretary-Treasurer, Wain-Cook Mortgage Company
Edward Di Leone	Juvenile Court	Ex. I, 1938	Bailiff, Juvenile Court
Henry Donahower	E. Ninth St. & Euclid Ave.	Ex. I, 1938	Real Estate Loan Clerk, The Cleveland Trust Company
Dudley Drach	14802 Madison Ave.	Ex. I, 1938	Vice President, West Side Realty Co.
William G. Dunbar	4189 W. 50th St.	Ex. I, 1938	Chief Clerk, Rental Department, The Cleveland Trust Company
Clyde S. Duncan	709 Leader Bldg.	Ex. I, 1938	Accountant and Statistician, E. S. Cannell, Agent
Robert S. Finley	613 Cuyahoga Bldg.	Ex. I, 1938	Appraiser and Loan Solicitor, Consolidated Mortgage Company
Robert L. Free	610 Nat. City Bk. Bldg.	II, 1938	Appraisal Assistant and Engineer, E. L. Ostendorf
Victor J. Free, M.A.I.	215 Union Trust Bldg.	II, 1935	Real Estate Analyst, Union Properties, Inc., Subsidiary of Union Bank of Commerce
Charles E. Gleeson	504 Ninth Chester Bldg.	Ex. I, 1938	President, The Guaranty Appraisal Company
Stillman B. Goddard	221 Euclid Ave.	Ex. I, 1938	Appraiser, Second Federal Savings & Loan Association
Louis E. Goldman	7016 Euclid Ave.	Ex. I, 1938	Partner, L. E. Goldman & Company
George J. Gore	330 Hanna Bldg.	I and II, 1935	Office Building Management, T. W. Grogan Company
Harvey C. Goss	308 Euclid Ave.	Ex. I, 1938	Assistant Cashier, Real Estate and Mortgage Loan Department, Central National Bank of Cleveland
Floyd Graham	825 Nat. City Bk. Bldg.	Ex. I, 1938	Manager, Mortgage Loan Department, Cragin-Morris & Company
Stanley Green	701 Citizens Bldg.	Ex. I, 1938	Appraiser, J. H. Green & Company
Carl M. Haake	1918 Standard Bldg.	Ex. I, 1938	Deputy Engineer in Charge of Land Acquisition, Engineering Department, Cuyahoga County
F. Hunter Hackett	12417 Cedar Rd.	II, 1937	President, Hackett & Criswell, Inc.
A. G. Hall	964 Brunswick Rd.	II, 1936	Architect and Special Appraiser, The Cleveland Trust Company
Don S. Helwick	E. Ninth St. & Euclid Ave.	Ex. I, 1938	Real Estate Appraiser, The Cleveland Trust Company
Charles E. Hemming	3761 W. 25th St.	Ex. I, 1938	Broker, Charles E. Hemming
A. Karl Heyner	709 Society for Savings Bldg.	Ex. I, 1938	A. Karl Heyner, Attorney at Law
Norman Hirt	926 Terminal Tower Bldg.	Ex. I, 1938	Federal Valuation Work, N. Y. C. & St. L. R. R.
Lee C. Howley	1628 Standard Bldg.	Ex. I, 1938	Real Estate Appraiser, Ray T. Miller, Attorney
F. S. Jenkin	2066 E. 107th St.	Ex. I, 1938	President, Jenkin Bros., Inc.
James T. Johnston	Public Sq.	Ex. I, 1938	Assistant to Real Estate Appraiser, Society for Savings Bank
Robert W. Jones	825 Nat. City Bk. Bldg.	Ex. I, 1938	Clerk, Cragin-Morris & Company
Ann F. Kelman	10609 Elgin Ave.	Ex. I, 1938	Attorney and Broker, Title Service Company
Newton Knowles	E. Ninth St. & Euclid Ave.	I, 1936	Assistant Sales Manager, City and Suburban Company, The Cleveland Trust Company
Ralph E. Lane	825 Nat. City Bk. Bldg.	Ex. I, 1938; II, 1938	Broker, Property Manager, Appraiser, and Executive Secretary, Cragin-Morris & Company
Laurence H. Lang	1101 Citizens Bldg.	Ex. I, 1938; II, 1938	Owner, Management and Brokerage Office, Laurence H. Lang
Louis S. Laronge	600 Union Commerce Bldg.	Ex. I, 1938	Vice President, Joseph Laronge, Inc.
Robert W. Latimer	E. Ninth St. & Euclid Ave.	Ex. I, 1938	Property Maintenance Supervisor, The Cleveland Trust Company
R. B. Laundy	14802 Madison Ave.	Ex. I, 1938	President, The West Side Realty Co.
W. H. Lucas, Jr.	E. Ninth St. & Euclid Ave.	II, 1936	Real Estate Loan Department, The Cleveland Trust Company
H. P. Martin	215 Union Trust Bldg.	Ex. I, 1938	Union Properties, Inc.
John W. McLean	750 Prospect Ave.	Ex. I, 1938	Owner, John W. McLean
Arthur A. Meifert	300 Fidelity Bldg.	Ex. I, 1938	Real Estate Appraiser, Central National Bank and others
Ohmer C. Minnich	1252 Leader Bldg.	Ex. I, 1938	Broker, Ohmer C. Minnich, Realtor
August J. Mitchell	W. 117th St. & Madison Ave.	Ex. I, 1938	Plastics Manufacturing, National Carbon Company

OHIO—Continued

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
David C. Morgan	944 Union Tr. Bldg.	I, 1937 ; II, 1938	Fieldman, City Mortgage Department, The Equitable Life Assurance Society of the United States
George T. Newhall	E. Ninth St. & Euclid Ave.	Ex. I, 1938	Construction Loan Inspector, The Cleveland Trust Company
K. V. Nicola	909 Williamson Bldg.	Ex. I, 1938	Attorney, Nicola & Horn
Charles E. Norlin	517 Leader Bldg.	Ex. I, 1938	Realtor and Appraiser, C. E. Norlin Company
Paul Otil O'Donnell	Court House, Rm. 257	Ex. I, 1938	Assistant Chief Deputy Sheriff, Cuyahoga County
Eugene L. Parker	1250 Terminal Tower	Ex. I, 1938	Attorney, Foote, Bushnell, Burgess & Chandler
Gregory C. Peck	Plain Dealer Bldg.	Ex. I, 1938	Appraiser and Inspector, Mortgage Loan Department, Land Title Guarantee & Trust Company
Elmer A. Peterson	1706 E. 85th St.	Ex. I, 1938	
Henry H. Pleasant	1019 Williamson Bldg.	Ex. I, 1938	Henry H. Pleasant, Attorney
James C. Rankin	1900 Euclid Ave.	Ex. I, 1938	Auditor, Management Accounts, Steller-Carpenter-Stofer, Inc.
Joseph R. Redella	740 B. of L. E. Bldg.	Ex. I, 1938	Secretary, The New York Central Railroad Company
L. Roy Reifsnider, M.A.I.	944 Union Tr. Bldg.	II, 1937	Loan Supervisor, The Equitable Life Assurance Society of the United States
Rose Reinfeld	3167 Fulton Rd.	Ex. I, 1938	Assistant Secretary, Realty Shares, Inc.
Harry Robbins	300 Fidelity Bldg.	Ex. I, 1938	President, The General Title & Trust Company
George A. Romoser, Jr.	4169 Pearl Rd.	Ex. I, 1938	Assistant Vice President, The Cleveland Trust Company, Broadview Office
James Rose	9721 Lorain Ave.	Ex. I, 1938	Secretary and Treasurer, Newton-Rose & Company
John R. Ruggles	937 Guardian Bldg.	Ex. I, 1938	Vice President, Valuation Service Company
Cecil F. Sampson	825 Nat. City Bk. Bldg.	Ex. I, 1938	Salesman, Cragin-Morris & Company
Frank A. Schmitt	510 Guardian Bldg.	Ex. I, 1938	Vice President and Secretary, A. D. Fraser, Inc.
Edward W. Seaman	828 Huron Rd.	Ex. I, 1938	Manager, Mortgage Loan and Real Estate Department, The American Savings Bank Company
Norman Seidman	2815 Lorain Ave.	Ex. I, 1938	Salesman, Seidman Realty
William J. Serpas	600 Union Tr. Bldg.	Ex. I, 1938	General Brokerage, Joseph Laronge, Inc.
Ray M. Shimmon	709 Leader Bldg.	Ex. I, 1938	Property Manager and Realtor, New York Life Insurance Company
Clark L. Simpson	141 County Court House	I, 1937	Chief Deputy Auditor, Personal Tax Division, Cuyahoga County, J. A. Zangerle, County Auditor
Edwin H. Smith	944 Union Tr. Bldg.	Ex. I, 1938	Mortgage Loan Inspector, The Equitable Life Assurance Society of the United States
Samuel H. Stewart	8022 Melrose Ave.	Ex. I, 1938	Bank Teller, The Cleveland Trust Company
Taylor H. Sutliff	825 Nat. City Bk. Bldg.	Ex. I, 1938	Salesman, Mortgage Department, Cragin-Morris & Company
Michael Varady	3202 Lorain Ave.	Ex. I, 1938	Owner, Central Realty Company
Arthur E. Wade	Plain Dealer Bldg.	Ex. I, 1938	Manager, Property Division, Land Title Guarantee & Trust Company
L. H. Wain, Jr.	706 Williamson Bldg.	Ex. I, 1938	Assistant Secretary, L. H. Wain & Cook Company
Ralph F. Walter	3317 Broadview Rd.	Ex. I, 1938	Secretary, The Ribble-Walter Realty Company
R. W. Watkins	600 Union Tr. Bldg.	Ex. I, 1938	General Sales, Joseph Laronge, Inc.
Lorin B. Weddell	Plain Dealer Bldg.	Ex. I, 1938	Property Management, Land Title Guarantee & Trust Company
A. H. Weinstein	3167 Fulton Rd.	Ex. I, 1938	President, Realty Shares, Inc.
Henry C. White	825 Nat. City Bk. Bldg.	Ex. I, 1938	Clerk, Mortgage Department, Cragin-Morris & Company
Thomas M. White	108 The Arcade	Ex. I, 1938	Manager, Loan Department, Citizens Federal Savings & Loan Association
Arthur F. Wilson	920 Nat. City Bk. Bldg.	Ex. I, 1938	Real Estate and Mortgage Loans, M. H. Leeb Company, Inc.
Alex F. Wiseman	E. Ninth St. & Euclid Ave.	Ex. I, 1938	Loan Clerk, The Cleveland Trust Company
Willis J. Zangerle	809 Society for Savings Bldg.	Ex. I, 1938	General Legal Work, Gillis & Myron, Attorneys

OHIO—Continued

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
Cleveland Heights			
George F. Douglas	971 Elbon Rd.	I, 1937; II, 1938	Salesman, Union Properties, Inc.
Hazel M. Long	2126 Lee Rd.	Ex. I, 1938	Real Estate Broker, Hazel M. Long, Home Rentals and Sales
James A. Webb	12417 Cedar Rd.	C., 1938	Broker and Appraiser, James A. Webb
Columbus			
Barnitz G. Ball	580 E. Broad St.	I and II, 1936	Mortgage and Real Estate Department, Columbus Mutual Life Insurance Company
Preston Cooke, M.A.I.	8 E. Broad St.	I, II, and III, 1936	Partner, Demmie P. Cooke & Co.
Charles F. Johnson, M.A.I.	8 E. Long St.	I and II, 1935	President, Charles F. Johnson, Inc.
J. M. Stewart, Sr.	400 Old Federal Bldg.	II, 1936	Chief Valuator, Federal Housing Administration
Dayton			
Sidney Eisenberger	286 Fourth St. Arcade	II, 1935	Sidney Eisenberger, Realtor
Frank J. Holtmeier	220 Winters Bk. Bldg.	II, 1935	Frank J. Holtmeier, Realtor
Rufus Lisle, M.A.I.	704 Harries Bldg.	II, 1935	Rufus Lisle, Realtor
Garfield Heights			
Edward A. Papesh	11108 Langton Ave.	Ex. I, 1938	Assistant Sales Manager, Union Properties, Inc., Cleveland
Lakewood			
Russell S. Barr	15427 Lake Ave.	Ex. I, 1938	Salesman, The West Side Realty Co., Cleveland
Elmer H. Seidman	14802 Madison Ave.	Ex. I, 1938; II, 1937	Treasurer, The West Side Realty Co., Cleveland
Alfred E. Swanson	2019 Elbur Ave.	Ex. I, 1938	
Richard F. Weishampel	1381 Park Row	Ex. I, 1938	Architect with Harry A. Fulton, Architect
Rocky River			
Warner Eggleston	20255 W. Lake Rd.	Ex. I, 1938	Vice President, The West Side Realty Co., Cleveland
South Euclid			
D. S. Munn	1515 Sunview Rd.	Ex. I, 1938	Appraiser and Examiner, Reconstruction Finance Corporation, Cleveland
Toledo			
Fred C. Backus	2200 Scottwood Ave.	I, II, and III, 1936	Liquidating Agent, Liquidating Section, Division of Banks, State of Ohio
Robert G. Boatfield	1317 Sylvania Ave.	I and II, 1937	Managing Director, Allied Boatfield Companies
Warren			
B. K. Rose	914 Union Savings & Tr. Bldg.	Ex. I, 1938; II, 1938	Appraiser, E. L. Hauser-B. K. Rose Appraisal Service
Youngstown			
Paul M. Fithian	505 Mahoning Bk. Bldg.	Ex. I, 1938	Assistant Manager, The Fithian Agency
George K. Glassford	Care of Home Savings & Loan Company	Ex. I, 1938	Delinquent Mortgage Department, Home Savings & Loan Company
Lewis M. Glassford	218 Home Savings & Loan Bldg.	Ex. I, 1938	Lewis M. Glassford, Realtor

OKLAHOMA

Oklahoma City			
Harold F. Bradburn	205 Fidelity Nat. Bldg.	II, 1935	Manager, H. F. Bradburn & Co.
Tulsa			
J. M. Allen, M.A.I.	Beacon Bldg.	II, 1935; III, 1936	Owner, J. M. Allen
Cleo C. Ingle	12 E. Fourth St.	I, 1938	Secretary and Manager, Tulsa Federal Savings & Loan Association
Clyde A. King, M.A.I.	520 Beacon Bldg.	I and II, 1935	President, The First National Company
C. A. Mayo, Jr.	237 Mayo Bldg.	I, 1938	Advertising Department, Mayo Hotel
Harry H. Payton	Drew Bldg.	I, 1938	Assistant Secretary, Home Federal Savings & Loan Association
Calvin A. Richardson	1402 N. Denver Ave.	I, 1938	Property Manager, Mager Mortgage Company

PENNSYLVANIA

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
Bethlehem			
William C. Bader, M.A.I.	214 Odd Fellows Bldg.	I, 1937	President and Treasurer, W. C. Bader Company, Inc., Realtors
Erie			
Clifford A. Zilch	2914 Parade St.	I, 1938	Real Estate Broker, Clifford A. Zilch
Johnstown			
William S. Gray	501 Central Ave.	I, 1936	Manager, Department of Home Building and Welfare, Loan Division, Carnegie-Illinois Steel Corporation
Kingston			
Charles Wood	707 Market St.	I, 1936	Chas. Wood & Company
Philadelphia			
Joseph F. Baile	225 S. 15th St.	II, 1937	Appraiser, Richard J. Seltzer
Gordon B. Balle	S. E. Cor. Sixth & Walnut Sts.	I and II, 1937	Appraiser, Penn Mutual Life Insurance Company
Boyd T. Barnard, M.A.I.	Lincoln-Liberty Bldg.	III, 1936; C., 1938	General Partner, Jackson-Cross Company
Samuel Beck	132 S. 17th St.	II, 1937	Staff Valuator, Federal Housing Administration
David Bloom	Lincoln-Liberty Bldg.	I, 1937	Manager, Mortgage Department, Jackson-Cross Company
George R. Bunting	12 S. 12th St.	I, 1937	Assistant Real Estate Appraiser, Philadelphia Saving Fund Society
Pearce M. Gabell	1700 Sansom St.	II, 1937	Partner, C. W. Gabell, Jr. & Son
Alfred L. Haig	7010 Elmwood Ave.	II, 1937	Partner, Haig & Company
Roy A. Heymann, Jr.	215 S. Broad St.	I and II, 1937	Salesman, Heymann & Bro.
T. Irving Howe	100 S. Broad St.	I, 1937; II, 1938	Engineer of Maintenance, Land Title Bank & Trust Company
Meyer Hurevitz	S. W. Cor. Sixth St. & Girard Ave.	II, 1937	Owner, M. Hurevitz
John G. Keck, M.A.I.	1622 N. Broad St.	I and II, 1937	President and Treasurer, John G. Keck & Company
J. Howard McLaughlin, M.A.I.	5512 Florence Ave.	II, 1937	Real Estate Appraiser, The Philadelphia Saving Fund Society
Thomas F. Moffett	1604 Walnut St.	I, 1937	Appraiser, First Mortgage Corporation
Howard B. Neal	Sixth & Walnut Sts.	I, 1938	Junior Inspector, Penn Mutual Life Insurance Company
William A. Peffle	Sixth & Walnut Sts.	I and II, 1937	Chief Clerk, Investment Department, Penn Mutual Life Insurance Company
Glyndon Priestman, M.A.I.	18 W. Chelten Ave.	III, 1936	President, Priestman-Helmetag Company
Edward Rosewater	Lewis Tower, 225 S. 15th St.	I, 1937	Member of Firm, Lionel Friedmann & Company
Robert Drummond Smith	100 S. Broad St.	I and II, 1935; I, 1937; II, 1938	Assistant Property Management Officer, Land Title Bank & Trust Company
Frederick H. Stafford	1604 Walnut St.	I, 1936; II, 1937	Assistant Secretary, First Mortgage Corporation
Oscar I. Stern	503 Pine St.	II, 1937	Partner, I. L. Stern & Son
Frederic Diller Unger	333 S. Hicks St.	I, 1938	Appraiser, The Fidelity Mutual Life Insurance Company
Harry L. Waggoner	2620 Grays Ferry Ave.	I, 1937	Major, Quartermaster Corps, U. S. Army
Simon J. Waldman	1201 W. Girard Ave.	C., 1938	Realtor and Appraiser, Simon J. Waldman
Joseph W. Widing, M.A.I.	100 S. Broad St.	II, 1937	Appraisal Engineer, Land Title Bank & Trust Company
Pittsburgh			
Jacob H. Aronson	106 Smithfield St.	I, 1937; III, 1936	President, J. H. Aronson Company
E. Herbert Gilg, M.A.I.	241 Union Tr. Bldg.	I, 1938; II and III, 1936; C., 1938	Appraiser, E. Herbert Gilg, M.A.I.
O. B. Hannon	119 Court House	I, 1938	Chairman, Board for Assessment and Revision of Taxes, Allegheny County
Leonard P. Kane	241 Union Tr. Bldg.	C., 1938	Resident Manager, Realty Appraisal Company

PENNSYLVANIA—Continued

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
Charles G. Manterfield	345 Fourth Ave.	I, 1938	Salesman, Porter & MacDowell Company
Albert A. Murrer, M.A.I.	614 Plaza Bldg.	II and III, 1936; C., 1938	President, Albert A. Murrer, Inc.
Donnell D. Reed	3920 Shoreham St.	I, II, and C., 1938	City Assessor, City of Pittsburgh
J. Meryl Silk	3884 Perrysville Ave.	II and III, 1936	Secretary and Manager, Perry Real Estate Company
M. J. Stack	Home Owners' Loan Corporation	II, 1937	Assistant State Appraiser, Home Owners' Loan Corporation
Fred E. Theurer	5437 Ellsworth Ave.	I, 1938	County Assessor, Allegheny County
Frank T. Trohaugh, M.A.I.	514 Oliver Bldg.	II and III, 1936	Manager, Sales and Rentals, James P. Donovan
Reading			
Harry B. Davis	105 N. Sixth St.	II, 1937; III, 1936	Partner, Thomas T. Davis & Son
J. Luther Plank	760 Penn St.	I, 1937	Manager, Real Estate Department, Receiver, Reading Trust Company, Farmers National Bank & Trust Company, and Penn Trust Company
Uniontown			
Joe T. Ruby	62 E. Main St.	I, 1936	Owner, Joe T. Ruby Real Estate
Wilkes-Barre			
Cortez M. Jennings	204 Second Nat. Bk. Bldg.	I, 1937	Salesman, Harry F. Goeringer
Williamsport			
Louis A. Wetzel	442 William St.	I and II, 1936; C., 1938	President, Wetzel-Rider Company, Inc.

TENNESSEE

Memphis			
Armistead Andrews	1535 Carr Ave.	I, 1938	Salesman, Progressive Building & Loan Association
Stanyarne Burrows, Jr.	1892 Vinton Ave.	I, 1938	Fieldman, The Equitable Life Assurance Society of the United States
Elbert A. Cheek, M.A.I.	801-6 Columbian Mutual Tower	I, 1935; II, 1936; C., 1938	Partner, Salesman, and Appraiser, Percy Galbreath & Son
John C. Larkin	202 Messick Bldg.	I and II, 1936	Real Estate Loans and Insurance, John C. Larkin
W. H. Prince, M.A.I.	1816 Poplar Ave.	II, 1935	District Appraiser, Home Owners' Loan Corporation
Nashville			
Frank K. Wall	Nashville Tr. Bldg.	II, 1936	Appraiser, Home Owners' Loan Corporation

TEXAS

Amarillo			
J. Hal Brown	109 E. Ninth St.	I and II, 1935	Partner, Askew & Brown
M. H. Loewenstern	605 Fisk Bldg.	I, 1936	Real Estate Department, West Texas Mortgage Loan Company
Austin			
Wilhelmine B. Sheffield	207 W. Seventh St.	I and II, 1935	Manager, Real Estate Department, Millican & Hamby
Galveston			
Bernard Bernardoni	1502 E. Galveston	I and II, 1936	Appraiser, Property Management, American National Insurance Company
Houston			
William M. Wright	5803 Fordham	II, 1937	Mortgage Loan Inspector, The Prudential Life Insurance Company of America
San Antonio			
Russell F. Hanabury	410 First Nat. Bk. Bldg.	I, 1938	Senior Clerk, Home Owners' Loan Corporation
Herbert M. Oppenheimer	Care of D. & A. Oppenheimer	I, 1936	D. & A. Oppenheimer, Bankers

UTAH

NAME	ADDRESS	CLASS AND YEAR	POSITION AND FIRM NAME
Salt Lake City			
Werner Kiepe, M.A.I.	301 S. Main St.	I and II, 1935	Sales Manager, Union Trust Company
Ralph B. Wright	1117 Boston Bldg.	I and II, 1938	Loan and Real Estate Supervisor, The Equitable Life Assurance Society of the United States

VIRGINIA

Norfolk			
Richard C. Goodman	300 Dickson Bldg.	I, II, and C., 1938	Salesman, D. H. Goodman, Inc.
Richmond			
A. H. Graham	Care of R.F.C.	I, II, and III, 1936	Examiner, Richmond Loan Agency, Reconstruction Finance Corporation
Robert M. Raab	710 E. Main St.	I, 1938	Salesman and Rental Agent, Raab & Company

WASHINGTON

Seattle			
Ogden Johnson, M.A.I.	400 Skinner Bldg.	I and II, 1938	Loan and Real Estate Supervisor, The Equitable Life Assurance Society of the United States
Spokane			
Edward Ross McCory*		II, 1935	

WISCONSIN

Green Bay			
James D. Beth	City Hall	I, 1935	City Assessor, City of Green Bay
Milwaukee			
Herbert Eppstaedt	2326 N. 70th St.	I, 1938	Assistant Loan Appraiser, Ed Porth & Sons
Harry J. Hurley	Plankinton Arcade Block	I, 1938	Chief Valuator, Federal Housing Administration
Raymond E. Wachs	1911 N. 58th St.	I and II, 1935	Valuator, Federal Housing Administration
Racine			
Victor E. Johnson	433 Wisconsin St.	II, 1935; I, 1938	Partner, Johnson & Miller, Agents; Manager, Real Estate, First National Bank & Trust Company of Racine

DOMINION OF CANADA

MANITOBA

Winnipeg			
E. C. Ransby	616 Avenue Bldg.	I and II, 1935; II, 1936	Executive Secretary, Winnipeg Real Estate Board

ONTARIO

Toronto			
Murray A. Bosley	28 Adelaide St., W.	I and II, 1937	Inspector, W. H. Bosley & Company
John E. Broome	34 King St., W.	I and II, 1937	Sales Manager, Chartered Trust & Executor Company
George G. R. Harris	200 Bay St.	I and II, 1938	Manager, Real Estate Department, The London & Western Trusts Company, Limited

QUEBEC

Westmount, Montreal			
John Newark Falkner	377 Metcalfe Ave.	II, 1938	Mortgage Loan Inspector, The Prudential Insurance Company of America

*Deceased

What to Read

Comments on recent surveys, books, and articles of interest to real estate appraisers

C. M. Jones, Editor — Librarian, American Institute of Real Estate Appraisers

Book Reviews

Bosch, Jacob. MANUAL OF REPRODUCTION COST DATA OF RESIDENTIAL BUILDINGS. *Oak Glen, Illinois: Author, 1938. 61 pp., $10.*

BOSCH'S *Manual of Reproduction Cost Data of Residential Buildings* is based upon material and labor costs in the Chicago area. The author is Property Review Appraiser for the Home Owners' Loan Corporation, and his book is a condensed, organized presentation of the problem that comes before him every day. Chicago appraisers will find it a source of reproduction cost data, while appraisers in other cities may find it a suggestion from which to build their own manual of costs.

The scope of the book includes pictures, specifications, and cost data on a wide selection of frame cottages, frame bungalows, frame residences, frame apartments, brick cottages, brick bungalows, brick residences, attached brick residences, brick two-apartments, brick three-apartments, brick four-apartments, brick six-apartments, and smaller brick store and apartment buildings. There is also a section devoted to garages normally found in conjunction with the above types of properties.

The plan of presentation gives a complete cost record on each page; three pictures of properties of similar age, design, and construction are grouped at the top of each page, making general classification a quick and easy process. In a prominent position under the pictures, the author has listed a "Base Volume" and a "Base Cost Per Cubic Foot." Pictures, cubical contents, and base costs are next related by a "Specification" of construction features in the basic building for that page. The cost figure for any structure varying from the base structure in size or special features, but not in general design, may be adjusted to the base cost by adding or deducting factors which the author lists under headings of "Size," "Foundation," "Construction" (cheap, face-brick, solid-brick, basement ceilings plastered, etc.), "Plumbing," "Heating," and "Electric."

If an "extra" is found in the house which the appraiser has for consideration, and it is not listed for the type under which he has classified it in this manual, it is possible to locate the "extra" under another type and apply a plus or minus factor to bring it in conformity with the base house selected in the manual. Upon this basis, the matter of variation from the standard has wide application. Care must be taken not to use any base cost figure until it has been checked against the specification and adjusted for variations from the standard.

An additional feature of the book is the page explaining the method of calculating cubical contents of buildings followed by an explanation of the method of determining the cubical contents of roofs. A two-page index facilitates use of the book.

It is, however, more or less limited in its use: first, to the area it covers; second, to the type and size of structures shown therein; and, third, to the time, unless modified, since both labor and material prices are subject to constant fluctuation.

Probably, the most noteworthy contribution this book will make to the appraiser's library is the ease with which any structure may be identified with a class in the manual and the fact that the complete reproduction cost story is given on one page.

CARL M. SNYDER, *Inspector*,
The Equitable Life Assurance
Society of the United States.

Chicago, Illinois.

Several Books and Studies

of interest to wide-awake appraisers have made their appearance since the publication of the last issue of the JOURNAL. Probably the most noteworthy is *Engineering Terminology* by Victor J. Brown and Delmar G. Runner, published by the Gillette Publishing Company, of Chicago. This 310-page book is a dictionary pure and simple with definitions of technical words and phrases arranged alphabetically in double columns. It is essential that appraisers have some knowledge of engineering terms and phrases; many have found that the information obtained through engineering courses has been of great benefit in real estate appraising. Here is a guide then for those who have not had an opportunity to become exposed to the work and training of the engineer. In the appraising of large industrial projects or public utility or railroad properties, the book will serve as a necessity in applying the proper terminology. In addition, Appendix IV gives definitions of surveying terms which will be of interest to all real estate men. In compiling this book the authors have had the assistance of twenty-five associations and organizations. Price $3.50.

For the Studious Appraiser

who likes to dig to the very bottom of things, a little pamphlet recently issued by McGill University, of Montreal, as Social Research Bulletin No. 2 will prove a welcome addition. This is *A Select Bibliography on the Location of Industry* by Douglas Moore McDonald. The industrial appraiser must know why certain industries locate in certain areas, if their present locations fit their current needs, etc. There are no easy rules of thumb. Each industry is a problem unto itself and must be studied apart from all others. The industrial appraiser must be well aware of the increasing number of articles and books written on the subject. This list will prove a valuable guide to him in checking up on his reading. While many items are included which may not be of interest, the publication is small enough to be easily scanned. Price $.60 plus $.10 postage.

While on the Subject of Industries

appraisers will enjoy Glen E. McLaughlin's *Growth of American Manufacturing Areas.* Industrial and population trends in the nation's thirty-three largest industrial areas from 1869 to the present time have been put through a careful analytical process with the emergence of some interesting conclusions. Basic data are Census records. Pittsburgh appraisers should note this book particularly since a special emphasis is given to this industrial area. Probably the best chapter is that dealing with the "Reasons for Regional Differences in the Rate of Industrial Growth." It was published by the University of Pittsburgh as Bureau of Business Research Monographs No. 7. Price $3.00.

We Turn Next to Office Buildings

and the publication of the *1937 Office Building Experience Exchange Report* by the National Association of Building Owners and Managers, of Chicago. The growth of buildings reported in this survey from 1920 up to the present time is phenomenal. Ninety buildings reported in 1920. With setbacks in only two years, the growth has been consistent, and the present report includes 439 buildings in 84 cities. Figures are given on a cents per square foot of total rentable area for regions and cities. A comparison between 1937 and 1936 figures is interesting. Cleaning costs account for the greatest increase, rising from 15.1 to 16.5 cents per square foot. The electric system is up from 4.4 to 4.5. Heating and ventilating costs are up .3 of a cent, and the elevators account for a rise of .4 of a cent. Plumbing costs are down .1, and general office expense also is lowered by .2 of a cent. Alterations are up .6 of a cent, repairs and maintenance .4, and decorating .4. Fire insurance is off .1, and other insurance is less by .1 of a cent. Property taxes show an increase of .6 of a cent. Rental income shows an advance from 142.0 cents per square foot to 151.7. A new table which appears for the first time is an analysis by regions of wages, supplies, maintenance, electricity, and fuel. Price $5.00.

A New Impetus

has been given to the public's interest in problems of city growth and the changing pattern of our cities. Lewis Mumford's *The Culture of Cities* published by Harcourt, Brace and Company at $5.00 has made a tremendous impression. And now appears *Metropolis* by Howard B. Woolston, Ph.D., Professor of Sociology at the University of Washington. The book covers a large area beginning with "What Is a City"; "The People"; "Houses and Homes"; "Business"; "Government and Politics"; "Common Defense"; "Public Service"; "Municipal Finance"; "Social Resources"; and "Maladjustment and Urban Trends." Although the book is designed primarily for a university textbook in urban sociology, appraisers studying urban development and trends as well as urban group behavior will profit by an inspection. Price $2.75.

"The Practical Prorator"

by E. Sawyer Smith has just been revised with the addition of "The Practical Prorator Amortization Tables" — three pages of tables giving twelve months to the year for twenty years at 4, 4½, 5, 5½, 6, 6½, and 7% interest. The following information can be obtained from the tables: (1) the amount of the monthly payment required to amortize a given principal sum within a given number of months at a given rate of interest; (2) the period of time required to amortize a given principal sum at a given rate of interest where the monthly payment is specified; (3) the balance due on a mortgage or contract for deed after a given number of monthly payments have been paid. Price $3.50.

New Articles

"ASSESSING TAXES ON CENTRAL BUSINESS PROPERTY," by Winlock Miller.

Tax assessments must be considered in appraising downtown business property. The writer tells in this article some of the theory behind central business property tax assessments. He accuses the tax assessors in most cases of failing to revise their methods of assessing in order to maintain a fair relation between assessments and actual value. He believes, in his own words, "The assessor having inherited a given gross assessed valuation from his predecessor, he regards it as his paramount duty to preserve the amount intact increasing it if possible and only reducing individual valuation where it can be done without materially affecting the tax revenue." We have now reached the stage where income-producing business property can no longer bear the taxes imposed upon it. It is time for the property owner to know what unfair methods are used in arriving at the assessment value of his property. *Real Estate, September 10, 1938, p. 10.*

* * *

"THE SKYSCRAPER—COMING OR GOING?" by Robert F. Hewitt.

The fact still remains—decentralization is affecting all skyscrapers. The past Chairman of the City Planning Committee, National Association of Building Owners and Managers, is quite concerned over the situation and urges immediate action if the future security of our skyscrapers is to be protected. He treats decentralization as a common enemy and a disease which needs treatment. "The remedy almost suggests itself. Provide a well considered plan of traffic arteries, first in a belt around central areas for those who do not wish to enter for business purposes; second, in the shape of radiating arteries that will provide quick and easy access. Rezone those districts adjacent to traffic arteries to provide adequate low cost housing safe from any encroachment of commercial or manufacturing. By such rezoning inflated values will be lowered to the proper level." *Skyscraper Management, August, 1938, p. 3.*

* * *

"THIS WILL PUT VALUE IN BLIGHTED AREAS," by H. W. Schumann.

Rehabilitation of blighted areas is a subject in which men who are interested in the value of real estate never lose interest. You will all agree that these blighted areas represent a tremendous value in ground alone. Eventually they will be improved, but before this happens a transition period must be passed during which time land values will shrink to almost nothing. There must be some way to relieve present owners of blighted area property. The writer proposes a plan whereby the government would insure loans up to 80 per cent of accurately appraised old buildings. He accuses the government through its F.H.A. of furthering the spread of blight because the tendency is to push new building out away from the central business district. We must act now to prevent further spread of this evil. *Real Estate, September 3, 1938, p. 7.*

* * *

"URBAN RESIDENTIAL VACANCIES, 1930-38," by S. B. Barber.

Here is an interesting study which shows that the average 1937 urban vacancy was about 2 to 3 per cent compared with an average of 8 to 9 per cent in late 1932. These figures were taken from a compilation of vacancy surveys prepared by the Division of Economic Research, United States Department of Commerce. These vacancy data throw considerable light on the prospect for new building and should be helpful to appraisers in determining the occupancy trend of a building over a long period. Trends and vacancy levels differ widely in various localities. It is interesting to note that the highest vacancy existed in Kansas City and Boston, which was over 6 per cent, and the lowest vacancy was for Ann Arbor, Michigan, and Davenport, Iowa, with 1 per cent each. *The Economist, September 10, 1938, p. 3.*

* * *

"VALUE FACTORS OF TRANSITION ERA AND EFFECTS ON MORTGAGE BANKING PROCEDURE," by Thomas S. Holden.

The appraiser has a great responsibility on his shoulders. In Mr. Holden's opinion, "Appraisals must utilize intelligently and practically all the great body of pertinent facts that are being assembled by various statistical agencies. But their real character will be determined largely by the basic philosophy that comes to permeate the real estate world after the fundamental changes of the present transition era are fully understood and their implications assimilated into our attitudes, our policies, and our daily applications of business judgment." History of market values prove that many concepts and practices ultimately wore out or proved themselves unsound. Lenders today do not think that speculative elements enhance the security of loans as they once did but rely on the rent-income benefits to be enjoyed over a period of years. "This necessitates more painstaking and more scientific appraisal procedure than has been customary." *Real Estate Record. September 10, 1938, p. 7.*

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Maurice R. Massey.....Central Atlantic Region
S.E. Corner 13th and Green Streets
Philadelphia, Pennsylvania

William A. Eastman.....Northwest Region
414 University Street, Seattle, Washington

R. W. Patton.....South Central Region
704 Travis Building, San Antonio, Texas

John B. Green.....Southeast Region
11 Fourth Street, North, St. Petersburg, Florida

Lewis C. Sholes.....North Central Region
720 Farnam Building, Omaha, Nebraska

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(Term Expiring December 31, 1940)

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(Term Expiring December 31, 1940)

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(Term Expiring December 31, 1941)

E. L. Ostendorf, Cleveland, Ohio
(Term Expiring December 31, 1942)

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(See pages 391 to 396, Roster of Members, for addresses.)

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(Figures in parenthesis following names indicate the Certificate Number issued to each Member and the order of election.)

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A. G. Maspero (51).....409 Security Bldg.
T. F. Merrick (27).....Heartwell Bldg.

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George H. Coffin, Jr. (216)...408 Hollywood Security Bldg.
Ayers J. duBois (107).....7079 Hollywood Blvd.
C. Dean Glover (67).....Rm. 205, 6636 Hollywood Blvd.
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Nathan Libott (84).....6253 Hollywood Blvd.
Stanley L. McMichael (25)..6335 Yucca at Ivar, Hollywood
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Richard C. Willis (321).....446 S. Van Ness St.

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Harold W. Jewett (527).....1819 Franklin St.
Ralph A. Knapp (591).....373 17th St.
William Bailie Kyle (592).....4514 E. 14th St.
James G. Stafford (54).....5820 Presley Way

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Sacramento
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A. J. Delano (126).....809 J St.
Thomas G. Mapel (367).....1010 Eighth St.

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Victor R. Lundy (532).....928 Seventh Ave.

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Edward C. Dee (593).....168 Sutter St.
M. L. Friedlander (594).....168 Sutter St.
F. Burt Hulting (595).....235 Montgomery St.
Edwin Elwood Lunstedt (596).....80 Post St.
Dwight L. Merriman (597).....2901 Russ Bldg.
George I. Noyes (295).....821 Market St.
Fred E. Palmer (629).....41 Sutter St.
Clayton B. Turner (630).....315 Montgomery St.
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J. Arthur Younger (311).....654 Market St.

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Wilmington
Thomas Francis Mason (151).....Box 122

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Forestville
Thomas N. Ryan (554).....Pleasant Ave.

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William MacRossie (598).....90 West Putnam Ave.

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John A. Caulkins (631).....327 Trumbull St.
Joseph P. Kennedy (24).....720 Main St.
Aubrey Maddock (507).....50 State St.
H. Martin Tenney (534).....140 Garden St.

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William G. Dunn (535).....272 Main St.

New Haven
George B. Horan (275).....151 Court St.
Wm. M. Hotchkiss (436).....205 Church St.
Charles T. Lincoln (265).....746 Chapel St.

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Patrick Henry Clark (599).....322 Main St.
Richard W. Fitch (231).....292 Main St.

Waterbury
John M. Hutchinson (500).....195 N. Main St.

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Curtis Walker (196).....Tower Bldg.

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Warren S. Dean (313).....(HOLC) 1619 R St.
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J. W. Graham (83).....Federal Housing Administration
John E. McGovern (316)..Federal Housing Administration
Isidoro Quintana (78).....Federal Housing Administration
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Jesse L. Winebrinier (600).....Room 622, F.H.A. Bldg.

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L. K. Tucker, Jr. (150).....319 W. Forsyth St.

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John L. Wright (243).....117 S. Tennessee Ave.

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D. Earl Wilson (80).....1219 Security Bldg.

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L. F. Pallardy (632).....718 Stovall Office Bldg.

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Geo. P. Williams (387).....Regional Office, H.O.L.C.

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Harry Goldstine (350).....134 N. LaSalle St.
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John P. Hooker (52).....140 S. Dearborn St.
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Mark Levy (9).....22 W. Monroe St.
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Herman O. Walther (363).....130 S. LaSalle St.
J. Soule Warterfield (120).....8 S. Dearborn St.
Albert H. Wetten (408).....141 W. Jackson Blvd.

Galesburg
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Joliet
William W. Mollan (288).....405 D'Arcy Bldg.

Litchfield
W. H. Todt (645).....114 W. Hyder St.

Peoria
James H. Finnegan (428).....415 Alliance Life Bldg.

Urbana
David Z. Field (646).....807 N. Coler, P. O. Bldg.

Waukegan
Leo Dailey (388).....217 Washington St.
Oscar Soderquist (125).....22 Maple Ave.

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Hammond
Samuel C. Ennis (203).....First Trust Bldg.

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Sioux City
Willard L. Frost (21).....Security Bank Bldg.

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Ralph D. Nixon (555).....3012 Somers Ct.

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E. Holland Johnson (558).....811 Perdido St.
J. Burrows Johnson (559).....339 Carondelet St.

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R. S. Whitten (351).....210 Milam St.

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Albert C. Hofrichter (162).....2 E. Lexington St.
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Carroll Wright (314).....Baltimore Trust Bldg.

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Edwin Deering Brooks (510).....18 Tremont St.
Edward F. Cassell (122).....18 Tremont St.
Walter Channing (571).....50 Congress St.
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Norman W. Kenny (10).....82 Devonshire St.
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Stephen W. Sleeper (508).....31 Milk St.
Robert S. Wayland (506).....10 State St.
Parker Webb (538).....24 Milk St.
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Charles A. Kabley (501).....340 Main St.
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Guy S. Greene (394).....300 Lafayette Bldg.
Donald D. James (539).....700 Penobscot Bldg.
Henry N. Johnson (390).....300 Penobscot Bldg.
Albert D. MacRae (540).....Union Guardian Bldg.
Alfred W. Palmer (312).....1920 Union Guardian Bldg.
Edmund T. Paterson (385).....3050 E. Grand Blvd.
Leonard P. Reaume (393).....2150 Buhl Bldg.
George C. Sexauer (395).....2150 Buhl Bldg.
William W. Tanney (434).....9061 W. Outer Dr.
Clarence S. Vaughn (422).....2103 First Nat. Bk. Bldg.
Carl S. Wells (391).....2706 Eaton Tower

Flint
Gerald F. Healy (604).....611 Genesee Bk. Bldg.

Grand Rapids
Isaac R. Blandford (234).....105 Federal Square Bldg.
Leon T. Closterhouse (247).....Central Bk.
John Garfield Emery (304).....400 Central Bk. Bldg.
Harry J. Fuller (235).....The Michigan Tr. Co.
Walter S. Palmer (193).....104 Federal Sq. Bldg.
Arent Van Stensel (248).....701 Peoples Nat. Bk. Bldg.
Charles H. Warden (229).920 Grand Rapids Nat. Bk. Bldg.

Jackson
Henry H. Lammers (557).....508 Dwight Bldg.

Lansing
Edward G. Hacker (291).....221½ W. Washtenaw St.

Pontiac
Paul A. Kern (134).....31 Oakland Ave.

MINNESOTA

Duluth
Richard W. Northrup (379).....600 Torrey Bldg.

Minneapolis
Norman L. Newhall (32).....519 Marquette Ave.
Edwin L. Somerville (30).....519 Metropolitan Bk. Bldg.
J. Frederick Sutherland (331).....131 S. Seventh St.

MISSISSIPPI

Jackson
J. O. Manning (299).....3012 N. State St.

MISSOURI

Clayton
Gunther Meier (319).....24 N. Meramec Ave.

Joplin
Rolla E. Stephens (264).....711 Virginia Ave.

Kansas City
George M. Bliss (360).....17 E. Tenth St.
C. F. Curry (345).....921 Baltimore Ave.
Herbert B. Patt (553).....417 R. A. Long Bldg.
E. F. Pierson (289).....311 Commerce Bldg.

St. Louis
W. C. Bernard (91).....412 City Hall
William W. Butts (93).....410 Wainwright Bldg.
Herbert O. Byrd (302).....818 Chestnut St.
Charles J. Daly (94).....801 Chestnut St.
Otto J. Dickmann (225).....804 Chestnut St.
Chester A. Dougherty (249).....109 N. Seventh St.
J. Gregory Driscoll (528).....1501 Locust St.
John H. Farish (201).....713 Chestnut St.
Grover Godwin (418).....1796 Arcade Bldg.
Joseph W. Hannauer (15).....811 Chestnut St.
Alfred B. Kissack (525).....915 Olive St.
Curt C. Mack (449).....Federal Housing Administration
Monroe H. Rodemyer (218).....109 N. Eighth St.
N. S. Wood (131).....709 Chestnut St.

NEBRASKA

Lincoln
C. C. Kimball (381).....Stuart Bldg.

Omaha
Lewis C. Sholes (23).....720 Farnam Bldg.
Clinton B. Stuht (33).....Aquila Court Bldg.

NEW JERSEY

Atlantic City
Maurice A. Kelley (325).....20 S. Tennessee Ave.

Butler
Frank B. Fay, Jr. (171).....Fayson Lake

Camden
Ralph D. Baker (60).....924 Broadway
William W. Chalmers (63).....645 Market St.
J. William Markeim (86).....645 Market St.
Abraham J. Rosenfeld (213).....300 Broadway
Leon E. Todd (340).....2623 Westfield Ave.
Philip Zinman (95).....643 Market St.

East Orange
Frank H. Taylor (6).....520 Main St.
Harry A. Taylor (108).....520 Main St.

Elizabeth
John P. Gloeckner (655).....1143 E. Jersey St.
John K. Leeds (99).....286 N. Broad St.
B. B. Miller (58).....215 Broad St.
Burton Thompson (43).....18 W. Jersey St.
Max Tieger (112).....207 Broad St.

Jersey City
Percy A. Gaddis (22).....30 Journal Sq. Bldg.
D. E. C. Somers (175).....700 Bergen Ave.
R. E. Thompson (419).....Centl. R. R. of N. J. Term.

Linden
John Fedor (65).....540 S. Wood Ave.

Maplewood
Gilbert N. Swett (561).....Depot Plaza

Newark
Murray Apfelbaum (38).....17 William St.
John J. Berry (56).....982 Broad St.
George E. Dugan (236).....18 Washington Pl.
Charles F. Evans (572).....782 S. 19th St.
Jos. L. Feibleman (66).....17 Academy St.
George Goldstein (413).....972 Broad St.
Franklin Hannoch (49).....14 Park Pl.
Louis Herman (70).....60 Park Pl.
Charles Frederick Kraemer (366).....776 Broad St.
Rudolph Kruger (516).....11 Hill St.
John A. Linnett (85).....46 Clinton St.
E. J. Maier (75).....187 Market St.
J. Kingsley Powell (77).....744 Broad St.
Joel L. Schlesinger (87).....31 Clinton St.
Harry J. Stevens (200).....478 Central Ave.

New Brunswick
Jas. A. O'Connell (186).....392 George St.

Newton
A. N. Lockwood (433).....17 Main St.

Ocean City
Elmer Jackson Pearl (330).....810 Ocean Ave.

Paterson
Joseph R. Lambert (443).....20-22 Church St.

Perth Amboy
Morris Goldfarb (109).....265 Madison Ave.

Plainfield
William G. McDowell (446).....152 North Ave.

Ridgewood
Frederick A. Tetor (364).....1 E. Ridgewood Ave.
Samuel S. Walstrum (106).....Ridgewood

Rutherford
Charles A. Van Winkle (113).....1 & 2 Station Sq.
Theodore Van Winkle (117).....1 & 2 Station Sq.

West End
David Vogel (368).....211 Cedar Ave.

NEW MEXICO

Albuquerque
Joseph P. Deasy (377).....1106 Virginia Blvd.

NEW YORK

Buffalo
A. P. Allingham (3).....158 Pearl St.
P. V. Bowen (141).....1006 Ellicott Sq.
Walter W. Cohn (81).....155 Pearl St.
Cuthbert E. Reeves (19).....Liberty Bank Bldg.

Mechanicville
Franz H. Moak (40).....37 N. Main St.

Metropolitan City of New York

Borough of Bronx
Herman A. Acker (279).....818 E. Kingsbridge Rd.
Amedeo Giordano (515).....2488 Grand Concourse
Samuel E. McRickard (292).....400 E. Fordham Rd.

Borough of Brooklyn
Stephen F. Barrera (133).....191 Joralemon St.
George Baur (170).....2609 Clarendon Rd.
Charles D. Behrens (635).....190 Montague St.
Joseph William Catharine (503).....149 Pierrepont St.
James P. Clark (550).....478 Graham Ave.
James B. Fisher (57).....160 Remsen St.
George H. Gray (17).....310 Ashland Pl.
Bernard F. Hogan (29).....451 Fifth Ave.
Arthur J. Horton (183).....6904 Fourth Ave.
George S. Horton (184).....59 Lafayette Ave.
James F. Matthews (76).....186 Joralemon St.
Frank M. McCurdy (39).....44 Court St.
M. C. O'Brien (190).....798 Nostrand Ave.
Charles Partridge (92).....397 Flatbush Ave.
Lewis H. Pounds (128).....32 Court St.
Milton T. VanderVeer (660).....51 Willoughby St.
R. W. Walden (89).....141 Montague St.
Alfred R. Wittich (649).....99 Pennsylvania Ave.

Borough of Manhattan
Robert H. Armstrong (562).....485 Madison Ave.
Edward J. Crawford (373).....225 Broadway
Dalton Granger De Witt (315).....22 W. 48th St.
Sam W. Florence (206).....2700 Woolworth Bldg.
Howard Geoghegan (512).....51 Chambers St.
A. N. Gitterman (45).....45 E. 49th St.
Bracton Goldstone (68).....10 E. 40th St.
George Grotz, Jr. (573).....100 E. 42nd St.
George M. Halk, Jr. (582).....742 Lexington Ave.
Frank D. Hall (159).....393 Seventh Ave.
John R. Hoyt (290).....17 E. 42nd St.
Robert Huntley (214).....67 Liberty St.
S. E. Kazdin (269).....70 Pine St.
William MacRossie (598).....6 E. 46th St.
John J. McCormick (445).....51 Chambers St.
Thomas E. McSherry (636).....51 Chambers St.
Clarence C. Merritt (357).....50 E. 42nd St.
Charles W. Morrison (270).....270 Madison Ave.
James R. Murphy (437).....217 Broadway
Henry Musch, Jr. (157).....270 Broadway
Charles A. Nehring (521).....1441 St. Nicholas Ave.
Charles J. Pladwell (542).....522 Fifth Ave.
George Stanley Potter (656).....270 Madison Ave.
Andrew B. Rankin (625).....160 Broadway
Irving I. Rosenbaum (179).....384 Broadway
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Borough of Queens
Armand Brunswick (327).....90-26 161st St., Jamaica
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Richard T. Childs (273).....222 Front St., Mineola

Westchester County
Robert A. Anderson (259).....34 E. First St., Mt. Vernon
Stephen L. Angell (220).....30 E. Parkway, Scarsdale
Vernon N. Bailey (322).....175 Main St., White Plains
Edward C. Heald (222).....20 S. Broadway, Yonkers
Edward H. Hufnagel (250).....10 S. Fourth Ave., Mt. Vernon
Harry K. Keller (563).....6 Letitia Rd., Tuckahoe
Albert W. Lockyer (294).....Depot Plaza, White Plains
Paul Wegener (90).....144 S. Broadway, Yonkers
Edward M. West (305).....1 Martine Ave., White Plains

Rochester
Warren W. Allen (637).....Lincoln-Alliance Bk. & Tr. Co.
Abraham Berghash (219).....130 Clinton Ave., S.

Schenectady
Wm. Garner Bee (415).....277 State St.

Syracuse
James H. Dawley (333).....121 E. Genesee St.
Edward Eagan (271).....204 Starrett-Syracuse Bldg.

NORTH CAROLINA

Charlotte
S. T. Henderson (20).....P. O. Box 1128

OHIO

Akron
Charles S. Jenkins (564).....659 Schiller Ave.
John C. Kyle (102).....520 S. Firestone Blvd.
A. R. Ritzman (544).....1099 S. Main St.
Eugene K. Sheffield (575).....651 Central Tower Bldg.
Fred E. Smith (298).....608 Broad Blvd., Cuyahoga Falls
W. F. Voges (105).....1109 S. Main St.

Canton
Mark Hambleton (146).....417 Mellett Bldg.
A. Ray Walters (439).....524 Renkert Bldg.

Cincinnati
Henry B. Bunker (545).....S. E. Cor. Fourth & Vine Sts.
Howard R. Burgess (176).....104 Neave Bldg.
Fred Droege, Jr. (154).....410 First Nat. Bk. Bldg.
J. George Ege (335).....3040 Urwiler Ave.
James W. Farrell (149).....S. W. Cor. Fifth & Main Sts.
John H. Frey (156).....7 Navara Apts., Sta. D.
James J. Grogan (180).....S. W. Cor. Fifth & Main Sts.
Albert J. Mayer (204).....1515 First Nat. Bk. Bldg.
P. Lincoln Mitchell (181).....S. W. Cor. Fifth & Main Sts.
Michael J. O'Byrne (429).....3270 Menlo Ave., Hyde Park
Russell Price (152).....S. W. Cor. Fifth & Main Sts.
Walter S. Schmidt (111).....S. W. Cor. Fifth & Main Sts.
Lewis R. Smith (139).....409 American Bldg.
John B. Spilker (155).....410 First Nat. Bk. Bldg.

Cleveland
Talmage D. Auble (262).....15509 Madison Ave.
Robert F. Berwald (300).....1220 Williamson Bldg.
Ben B. Beyer (34).....1425 Williamson Bldg.
James G. Bingham (328).....1227 Williamson Bldg.
Raymond T. Cragin (282).....825 Nat. City Bk. Bldg.
W. J. Crawford, Jr. (323).....720 Cuyahoga Bldg.
Victor J. Free (431).....P. O. Box 5876
Walter R. Granger (285).....310 Hippodrome Bldg.
Joseph J. Haas (164).....200 Marshall Bldg.
Joseph B. Hall (2).....5700 Truscon Ave.
Joseph Laronge (103).....600 Union Tr. Bldg.
Edwin H. McIntosh (283).....325 Society for Savings Bldg.
Warren L. Morris (251).....420 Nat. City Bk. Bldg.
C. A. Mullenix (605).....620 Hickox Bldg.
E. L. Ostendorf (14).....610 Nat. City Bk. Bldg.
Carl A. Palmer (286).....850 Euclid Ave.
L. R. Reifsnider (638).....944 Union Tr. Bldg.
Max J. Rudolph (281).....1105 Chester Ave.
Carlton Schultz (37).....The B. F. Keith Bldg.
Alexander S. Taylor (142).....1930 Union Tr. Bldg.
V. C. Taylor, II (153).....1930 Union Tr. Bldg.
Wm. J. Van Aken (284).....1715 Euclid Ave.

Columbus
Preston Cooke (551).....8 E. Broad St.
Charles F. Johnson (412).....8 E. Long St.

Dayton
Rufus Lisle (438).....704 Harries Bldg.

Geneva
J. Earl Miller (267).....Miller Bldg.

Massillon
Charles N. Hostetter (329).....716 Lincoln Way, E.

Springfield
H. S. Kissell (5).....927 First Nat. Bk. Bldg.

Toledo
Claude A. Campbell (211).....707 Ohio Bk. Bldg.
Edmund T. Collins (522).....708 Jefferson Ave.
Geo. P. Crosby (252).....413 Madison Ave.
Howard Etchen (136).....725 Adams St.
Donald F. Hiett (396).....622 Jefferson Ave.
John R. Schackne (529).....507 Produce Exchange Bldg.

OKLAHOMA

Tulsa
J. M. Allen (546).....Beacon Bldg.
Clyde A. King (432).....520 Beacon Bldg.

PENNSYLVANIA

Bethlehem
Wm. C. Bader (163).....214 Odd Fellows Bldg.

Erie
Carl G. Wright (361).....204 Marine Bk. Bldg.

Harrisburg
Evan J. Miller (148).....213 Locust St.
L. D. Scranton (100).....219 Walnut St.

Lancaster
Harry W. Butts (114).....24 E. Orange St.

Lansdowne
W. Raymond Evans (118).....19 N. Lansdowne Ave.

Lewistown
E. Dale Fisher (520).....136 Valley St.

Philadelphia
Philip N. Arnold (174).....123 S. Broad St.
Boyd T. Barnard (237).....Lincoln-Liberty Bldg.
Frederick A. Bond (380).....5433 Baltimore Ave.
E. L. Carlson (62).....The Parkway at Fairmont Ave.
William W. Chalmers (63).....1424 Walnut St.
C. Harris Colehower (145).....5942 Chestnut St.
Frank P. Felton, Jr. (268).....914 Lincoln-Liberty Bldg.
Lionel Friedmann (565).....N.E. Cor. 15th & Locust Sts.
Joseph J. Greenberg (606).....Architects Bldg.
Samuel T. Hall (257).....1500 Locust St.
Roy A. Heymann (362).....213 S. Broad St.
C. Harry Johnson (238).....Packard Bldg.
S. Craig Kane, Jr. (253).....502 Land Title Bldg.
John G. Keck (607).....1622 N. Broad St.
Philip W. Kniskern (1).....1604 Walnut St.
J. William Markeim (86).....1424 Walnut St.
Frank H. Massey (549).....S. E. Cor. 13th & Green Sts.
Maurice R. Massey (276).....S. E. Cor. 13th & Green Sts.
J. Howard McLaughlin (372).....5512 Florence Ave.
William I. Mirkil (226).....1500 Walnut St.
Robert J. Nash (254).....1214 Locust St.
Glyndon Priestman (420).....18 W. Chelten Ave.
Richard J. Seltzer (255).....15th & Locust Sts.
J. Willison Smith (239).....100 S. Broad St.
Martin Stotz (55).....514 Land Title Bldg.
Joseph W. Widing (648).....100 S. Broad St.
Philip O. Widing (639).....1604 Walnut St.
Ambrose J. Winder (207).....1420 Walnut St.

Pittsburgh
Roy R. Cappe (608).....341 Fourth Ave.
H. Chidester (609).....618 Frick Bldg.
James W. Cotts (610).....307 Fourth Ave.
J. W. Cree, Jr. (13).....211 Fourth Ave.
E. Herbert Gilg (552).....6605 Ridgeville St.
Fred J. Hettling (611).....440 Fourth Ave.
Carl E. Koch (612).....20 Wabash Ave., West End
R. A. MacDowell (613).....345 Fourth Ave.
William Maisch (616).....307 Fourth Ave.
J. F. McClurg (614).....312 Fourth Ave.
R. L. McKallip (615).....411 Seventh Ave.
Thomas C. McMahon (640).....731 Grant Bldg.
L. W. Monteverde (641).....427 Fourth Ave.
Albert A. Murrer (584).....614 Plaza Bldg.
S. L. Seemann (657).....341 Fourth Ave.
Frank T. Trohaugh (617).....514 Oliver Bldg.

Scranton
C. G. Chappell (376).....Bliss Davis Bldg.

Wilkes-Barre
C. A. Leighton (135).....Deposit & Savings Bk. Bldg.
Edward L. Lewith (227).....428 Miners Bk. Bldg.

RHODE ISLAND

Providence
Hal Forrester Coombs (172).....211 Waterman St.
James Devine (130).....801 New Industrial Tr. Bldg.
Richard A. Hurley (513).....723 Hospital Tr. Bldg.

TENNESSEE

Memphis
Elbert A. Cheek (547).....801-6 Columbian Mutual Tower
George W. Person (320).....Second Floor, Manhattan Bk. Bldg.
W. H. Prince (374).....1816 Poplar Ave.

Nashville
J. W. Denis (140).....535 Church St.
J. W. Graham (83).....930 Kirkwood

TEXAS

Amarillo
Robert Ricks (566).....Blvins Bldg.

Beaumont
J. S. Edwards (444).....San Jacinto Bldg.

Corpus Christi
Jay E. Adams (626).....205 Guggenheim & Cohen Bldg.

Dallas
Henry S. Miller (277).....405 Southland Life Bldg.
Lawrence Miller (386).....2729 South Blvd.
John W. Pat Murphy (384).....1420 Commerce St.

Fort Worth
Meredith R. Carb (354).....403 First Nat. Bk. Bldg.

Houston
W. G. Burchfield (274).....803 Second Nat. Bk. Bldg.
L. A. Casey (353).....Esperson Bldg.
A. R. Foster (619).....1525 Marshall St.

San Antonio
Paul W. Adams (355).....Builders Exchange Bldg.
A. H. Cadwallader, Jr. (352)..920 Nix Professional Bldg.
C. Ray Davis (618).....716 Travis Bldg.
Claris M. Elmore (356).....200 Betty Jean St.
Harold W. Keller (620).....714 Travis Bldg.
R. W. Patton (317).....704 Travis Bldg.

UTAH

Salt Lake City
Werner Kiepe (567).....139 S. Second St., E.

VIRGINIA

Newport News
Emanuel E. Falk (548).....24th & West Ave.

Richmond
John W. Bates (240).....723 E. Main St.
Henry S. Raab (260).....710 E. Main St.
J. Guthrie Smith (144).....329 Clovelly Rd.
Morton G. Thalhimer (221).....1013 E. Main St.

WASHINGTON

Seattle
Charles P. Burnett (378).....14410 Third St., N. W.
Arthur E. Burr (576).....623 Second Ave.
Ralph H. Davis (577).....400 Skinner Bldg.
Leonard Downie (296).....Seattle
Wm. A. Eastman (307).....414 University St.
R. C. Erskine (578).....2201 Northern Life Tower
Ogden Johnson (658).....400 Skinner Bldg.
Walter G. McLean (346).....1108 Third Ave.
J. C. McQuigg (344).....1317 Boven Ave.
Vincent D. Miller (579).....337 Henry Bldg.
Ben J. Smith (343).....5252 16th Ave., N. E.
J. H. Sparkman (349).....1108 Third Ave.
Roy F. Taylor (659).....Seattle Tr. & Savings Bk.
Cecil S. Van Voris (369)....(FHA) 1817 Exchange Bldg.
David T. Young (580).....511 Marion Bldg.

WEST VIRGINIA

Charleston
Charles Uhrig (79).....Box 1019

Clarksburg
Lyle B. Hornor (375).....Goff Bldg.

Huntington
H. E. Pilcher (371).....926 Sixth Ave.

WISCONSIN

Madison
Stanley C. Hanks (642).....24 W. Mifflin St.
Paul E. Stark (643).....124 W. Mifflin St.

Milwaukee
Fritz W. Beck (581).....1708 N. 72nd St., Wauwatosa
Lloyd M. Boyce (621).....735 N. Water St.
K. Lee Hyder (185).....525 E. Michigan St.
Robert F. Marty (622).....709 N. 11th St.

ONTARIO, CANADA

London
Bert Weir (138).....156½ Dundas St.

Toronto
William Henry Bosley (623).....28 Adelaide St., W.
Cyril R. De Mara (12).....372 Bay St.
Frank McLaughlin (7).....34 King St., W.

Associate Members

CONNECTICUT

Stamford
Robert S. Hay (14).....300 Main St.

FLORIDA

Miami
W. Carroll Wilson (21).....In Care of H.O.L.C.

Miami Beach
E. D. Keefer (27).....1035 Collins Ave.

GEORGIA

Waycross
George Fesperman (5).....208 Parker St.

ILLINOIS

West York
Herschel S. Green (16).....West York

MICHIGAN

Detroit
Arthur A. May (24)....HOLC, 9th Floor, Nat. Bk. Bldg.

Grand Rapids
Peter Hoek (19).....750 Leonard St., N. W.

Muskegon
William Bush (3).....38 Diana Ave.

NEW JERSEY

Elizabeth
R. Mason Kirkland (15).....125 Broad St.
James Rosensohn (22).....125 Broad St.

Keyport
Samuel De Bow Walker (10).....101 Atlantic Ave.

Short Hills
William Clifford, Jr. (30).....87 Whitney Rd.

NEW YORK

Bronxville
Raymond S. DeMott (26).....Pondfield Rd.

Brooklyn
Alfred R. Marcks (25).....9 De Kalb Ave.

Mount Vernon
Henry F. Linsmann (17).....126 Burkewood Rd.

PENNSYLVANIA

Pittsburgh
Albert O. Horner (28).....12 N. Diamond St.

Williamsport
Fred B. Wetzel (12).....25 W. Third St.

RHODE ISLAND

Pawtucket
Leo V. Boyle (4).....44 Broad St.

TEXAS

Austin
Wilhelmine B. Sheffield (20).....P. O. Box 964

Dallas
Alfred J. Beilharz (13).....6401 Hillcrest Ave.

San Antonio
Charles W. Cart (29).....307 E. Pecan St.

WEST VIRGINIA

Wheeling
Harry C. Miller (7).....313 Wheeling Steel Bldg.

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